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NEWS SUMMARY

Former Equities slip 3.6; gilts reported steady

Equities fell further on the news that the former SS government had been found guilty of crimes against humanity. The FT 100 Share Index, down 9.1 at 11 p.m., closed at 484.3, down 16 on the day.

GILTS generally held steady in slow trading. The 27 Government Securities Index edged up 0.07 to 77.66.

STERLING gained 15 points against the dollar to close at \$1.8175, but its trade-weighted dollar's trade-weighted depreciation widened to 2.18 (2.02) per cent.

GOLD fell \$2.25 to \$159.125 in nervous trading.

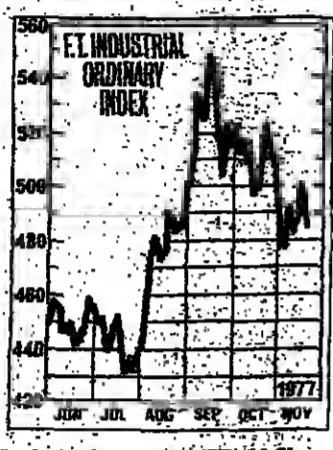
WALL STREET fell 3.72 to 237.06.

FRANCE Government intends to lift dividend restraint next year to encourage investment.

MORE FLEXIBLE system of money supply targets, rather than the present fixed annual range, appears likely to be adopted in the U.K. next financial year. Back Page.

FRANCE Government intends to lift dividend restraint next year to encourage investment.

FRANCE Government intends to lift dividend restraint next year to encourage investment.



Government wins right to guillotine devolution Bills

By RICHARD EVANS, LOBBY EDITOR

The most crucial divisions of the new Parliamentary session—the timetabling of discussion on the Scotland and Wales Bills—were won by the Government last night by surprisingly handsome majorities after a Labour rebellion virtually collapsed.

The victory on the Scotland Bill by a majority of 26—better than Ministers had dared to hope—means that the measures devolving substantial powers to an assembly in Edinburgh is likely to reach the Statute Book by the summer ready for a referendum in the autumn. The timetable on the Wales Bill was secured with a majority of 27. Ministers regard the Scotland Bill as by far the most significant measure of the session. Failure to obtain the guillotine would almost certainly have meant its loss because of the limitless opportunities opponents would have had for obstruction. The Government feared that defeat, as well as wrecking its whole legislative programme for the session, would have exposed Labour to the full impact of Scottish nationalism at the next General Election.

Great pressure was exerted on potential rebels by Ministers and Government whips and after a three-hour debate the guillotine was passed by 313 votes to 287.

The guillotine, or timetable motion, allows 17 Parliamentary days for the committee stage and report stage of the Bill before it goes to the Lords. In spite of hints from some Tories, the peers are unlikely to delay the legislation unduly.

The scale of the Government victory resulted from the unexpected collapse of the Labour rebels, who until the vote had shown every sign of maintaining their implacable opposition to the Scottish devolution.

In the event, only nine Labour MPs voted against the guillotine, while a further seven abstained. This compares with the revolt by 42 Labour MPs last February, when the Government's Scotland and Wales Bill guillotine was defeated by a shattering 29 votes.

The nine who defied the Government whip and voted against were Mr. Leo Abse, Mr. George Cunningham, Mr. Tam Dailley, Dr. Colin Phipps, Mr. Eric Munnion, Mr. John Mendonca, Mr. Fred Evans, Mr. Ted Garrett and Mr. Ted Leadhitter.

Ministers, intensely relieved at the scale of their success on the Scottish guillotine, are now confident that harridan extensive industrial unrest there will be no reason for Mr. Callaghan to call a General Election before next autumn at the earliest.

The Prime Minister will do all he can to ensure that the Scotland Bill reaches the Statute Book and that the Scottish referendum is held so as to improve Labour's electoral chances.

The Scotland Bill will now be given top priority in the legislative programme with at least two committee-stage sittings each week, so that it clears the Commons by Easter.

Second in the list of priorities will be the Bill proposing direct elections to the European Parliament, although there now seems little prospect that the target date of next May or June for the elections will be met.

Parliament Page 18

CBI may back code to fight bribery

BY MARGARET REID

PROPOSALS for a world-wide business code of conduct to fight bribery and corruption, and for a high-ranking international panel to police the code, are expected to receive backing from the Confederation of British Industry.

The controversial plan, which is to be considered by the 54-nation International Chamber of Commerce on November 29, calls in addition for accompanying action by Governments to combat corruption, a move the CBI also thinks important.

The recommendations have been produced by the chamber's Commission in regard to Extortion, Bribery and Bribery in Business Transactions, with Lord Shawcross, a former British Attorney-General in the chair. Other members include Sheikh Yamani, the Saudi Arabian Petroleum Minister, M. Jean Rey, a former president of the European Economic Commission and other leading business figures.

Although they have been extensively amended to take account of criticism, the proposals still face substantial opposition from Belgium, France and Germany, particularly as regards the supervisory panel.

However, there is wide support for the recommendations, not only in Britain, the U.S. and Canada, but from Middle East countries.

It is believed that, at the final meeting of the Shawcross Commission, Sheikh Yamani spoke forcefully in favour of a panel or council to police the code, and was supported in this by two other members of the Commission from the Middle East. These were Mr. Zaki Mustafa, former Attorney-General of the Sudan, and Mr. Gaseem Kheradjou, managing director of Industrial and Mining Development Bank of Iran.

The three-part report recommends gradual harmonisation by Governments of laws against bribery, and enforcement through measures such as checks on the wealth of public officials; a voluntary code of business conduct to outlaw extortion, bribes and "kickbacks"; and to fair agents' remuneration to fair levels; and the administering panel.

Guidelines for the implementation of the code stress the responsibility of Boards of directors for securing the recommended compliance with the code.

The crucial proposals for policing say that the international panel should "in appropriate circumstances... consider alleged infringements of the code."

Details Page 8

Settlements exceed 10% guidelines

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

NO MAJOR pay settlements significantly below the Government's 10 per cent. guidelines have been agreed in the current wages round.

This emerged yesterday following official claims that some 85 per cent. of the deals notified so far were within the guidelines and only 15 per cent. were above them, though relatively few workers have settled so far.

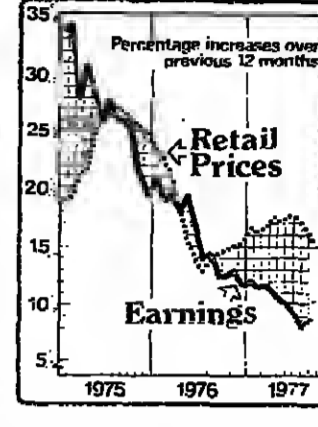
This trend suggests that the rate of increase in average earnings is already heading for a level above the Government's 10 per cent. target for the year to next July.

It is far too early to gauge the exact position, since only 500,000 workers have settled since the end of Phase Two of the pay policy. This is equivalent to about 31 per cent. of those expected to be covered by major deals, compared with 17 per cent. of the total who normally settle by mid-November, including 1m. local authority manual workers now negotiating.

The large number of people holding back and delaying deals has distorted the earnings index, which has risen by only just over 1 per cent. in the two months since July, according to the Department of Employment estimate published yesterday.

The earnings index rose by 0.3 per cent. in September to 289.5 (January 1970=100, seasonally adjusted), compared with 285.7 previously. The index has risen by 5.8 per cent. in the past 12 months, as against 8 per cent. in the year to August.

The confirmation yesterday that no major settlements had been agreed below the guidelines suggests that the 10 per cent. overall earnings target has in practice become the norm for individual pay settlements. The Government's intention that basic wages should be settled well within single figures in order to be compatible with the 10 per cent. earnings limit to leave room for drift, regrading and



Protest
 A man, Lt-Col. Hubert...
 ...to launch the hook...
 ...was detained by police...
 ...and taken to the police station...
 ...Herr was 14 days to appeal...
 ...he order that it was...
 ...and against public...
 ...former members of...
 ...to come to this country...
 ...to the book.

Inquest
 before Steve Biko, the...
 ...South African activist...
 ...was transported naked...
 ...in the back of a police...
 ...to Pretoria, a police...
 ...old the inquest into...
 ...an attempt to find...
 ...to make the journey...
 ...he had been found...
 ...us in his cell allegedly...
 ...possible. Page 6.

Protest
 University is to with...
 ...account from Barclays...
 ...protest against the...
 ...involvement in South...
 ...The account is reported...
 ...north £12m. a year and...
 ...of the highest university...
 ...with Barclays.

Arms siege
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 ...left for the secession of...
 ...tribe of Eritrea claim they...
 ...trol all roads leading to...
 ...facial capital of Asmara...
 ...d close its airport. The...
 ...ue of five in Eritrea still...
 ...by Ethiopia. Page 6.

Addition
 eus Croissant, the Left...
 ...yer accused of aiding...
 ...Finch's guerrillas. Was...
 ...ed to West Germany last...
 ...er a French diplomat...
 ...at the time performed...
 ...France-German extra...
 ...tary. Herr Croissant...
 ...in July, in defiance of...
 ...in ban of leaving the...
 ...and appealed for poli...
 ...Page 5.

Actions action
 roleam and BP will try...
 ...High Court action in...
 ...is alleged that their...
 ...actions against Rhodesia...
 ...are among 29 oil compa...
 ...sings of damages claim...
 ...in and its Mozambique...
 ...pipeline subsidiary.

talks
 h of Iran sought fresh...
 ...on arms supplies from...
 ...Carter during 80...
 ...of talks but the Admin...
 ...is not prepared, at this...
 ...to Iran's request...
 ...he White House several...
 ...demonstrators pro...
 ...nights in Iran. Back

COMPANIES
 FRUEHAUF Corporation of...
 ...U.S. has made a new...
 ...offer for Crane Fruehauf...
 ...at 90p a share, to counter...
 ...the rival 81p a share...
 ...agreed bid from Inch...
 ...Back Page.

UNILEVER pre-tax profit was...
 ...16 per cent. lower in the...
 ...quarter at £153.1m. Page 30 and...
 ...Lex.

WOOLWORTH pre-tax profit...
 ...slipped 8.9 per cent. in the...
 ...quarter to £9.75m. Page 30 and...
 ...Lex.

Steel losses could mount

BRITISH STEEL, now losing £10m. a week, has no chance of making a profit for several years in its present form, a Commons committee was told yesterday.

Despite strong pressure from Mrs. Sir Charles Villiers, British Steel's chairman, refused to disclose details of plans to reshape the corporation to restore it to profitability. Back Page.

LEYLAND'S new chairman, Mr. Michael Edwards, has set his stamp on the company with a re-organisation which sweeps away much of the group's central structure. Back Page 11; Editorial comment, Page 20; Commercial vehicle market is continuing to improve. Page 12.

JAPAN appears to have beaten competition from British, French and U.S. interests in efforts to obtain a \$450m. contract to build a chemical plant in East Germany. Page 8.

KEYSER ULLMANN made a £152m. pre-tax profit in the half-year to September 30, compared with a previous loss of £6.16m. Legal action in which Keyser Ullmann claims a debt payment from William Stern, whose property group crashed in 1974, is likely to come before a court within the next two weeks or so. Page 22 and Lex.

UNILEVER pre-tax profit was 16 per cent. lower in the third quarter at £153.1m. Page 30 and Lex.

WOOLWORTH pre-tax profit slipped 8.9 per cent. in the third quarter to £9.75m. Page 30 and Lex.

Fires rage as talks fail to produce agreement

BY PAULINE CLARK AND ALAN PIKE

SOME OF the worst fires since night's talks that a point had been reached where there was "much more work to be done" on the new pay formula.

Mr. James Callaghan, the Prime Minister, was given a stormy reception by firemen during a visit to Derby. He made it clear that the Government was confident it was right to refuse to give in to the firemen's 30 per cent. pay claim.

We are not unsympathetic, but we have a responsibility to the country," he said. "I find a great deal of support for our policy. I have met 70 or 80 trade union officials, and every one has his problems and special case."

The death toll in fires since the strike began on Monday rose to six yesterday. A man died in a Glasgow tenement and a 15-year-old girl in a suspected fire bomb incident at her home in County Antrim. But none of the deaths so far has been directly attributed to the firemen's strike.

A blaze threatening to destroy the 1,200-MW power station at Tilbury, Essex, was still out of control ten hours after it started. Two soldiers were detained in hospital with injuries received while fighting the fire.

The Central Electricity Generating Board claimed the absence of the local fire service had made little difference. But fire officers insisted that with local firemen's help the fire could have been brought under control hours earlier.

Faint hope
 Even if the resumed talks lead to a solution the union would have to recall a delegate conference before the strike could be called off.

The only faint sign of hope is that the talks about a pay formula for the future have not broken down. But there has been no change in the Government's position that the pay increase due to firemen this month must be within the 10 per cent. guidelines.

Mr. Terry Parry, general secretary of the FBU, will report back to his executive this morning. He said as he left last

Seagram plans £40m. takeover bid for Glenlivet Distillers

BY CHRISTINE MOIR

THE SEAGRAM COMPANY, the world's largest producer and marketer of distilled spirits and wines, is planning a takeover bid for Glenlivet Distillers which will value the company at £40m.

This follows Seagram's purchase of a 27 per cent. stake in Glenlivet from Courage, the Imperial Group subsidiary.

The offer came last night after Glenlivet's shares had risen 113p during business hours to 440p where they match the price paid by Seagram for the Courage holding.

This will now be extended to all shareholders as long as the Glenlivet Board recommends the offer.

Mr. Charles Bronfman, president of Seagram, flew from the U.S. yesterday to meet the Glenlivet Board which is now considering the offer.

Glenlivet's bankers, Hambros, said yesterday that they would not be making any positive statement at this stage, but shareholders will get a "holding statement as soon as possible."

One of the keys to a successful takeover by Seagram is the major Japanese whisky group, Suntory, which controls over 70 per cent. of the Japanese market for whisky.

Suntory owns an 11 per cent. holding in Glenlivet which it claims to have acquired at the invitation of the Glenlivet Board.

Apart from this presumably friendly stake, the Glenlivet Board controls virtually no shares.

Seagram already has strong trading links with Glenlivet and is the U.S. distributor for its leading brand, the Glenlivet.

It has also had a substantial investment in the Scotch whisky industry for some years through the Chivas Regal, 100 Pipers and Passport brands. In fact, it is the second largest exporter of Scotch.

Last year, Seagram's U.K. subsidiary, Seagram Distillers, made pre-tax profits of £5m. and is said to be on target for £15m. in this financial year.

Pre-tax profit for the whole Seagram group was £58m. in 1976.

Glenlivet's profits last year were 48 per cent. up on 1975 at £3.3m. In the first-half of this year, they rose 28 per cent. to £1.54m. because of increased volume.

Seagram's offer for Glenlivet amounts to £34m. for the Ordinary shares and a further £6m. for the convertible unsecured loan stock 1980-85.

As part of the purchase from Courage it has already paid £743,548 for Courage's 220,500 nominal holding of the loan stock.

An important acquisition by Seagram in the U.K. whisky industry has been in the air for some time. At the end of 1974, Mr. Edgar Bronfman, chairman of Seagram, told a Press conference: "As the world's largest group in the drinks business, we are not big enough in Britain."

Since then, however, the group has concentrated on internal re-organisation and a planned £30m. expansion programme was postponed.

News Analysis Page 13

Bitterness

The major fire in Glasgow was at a textile warehouse in the Gorbals. Nearly 50 troops were still fighting the blaze last night after eight hours.

Mr. William Craig, Scottish chairman of the FBU, told firemen watching the blaze: "You are not responsible for that fire and smoke. It is the responsibility of the Government who have given us promise after promise."

Bitterness among strikers showed signs of intensifying as firemen left their picket line at the Kings College hospital fire to take names and photographs of colleagues who were helping.

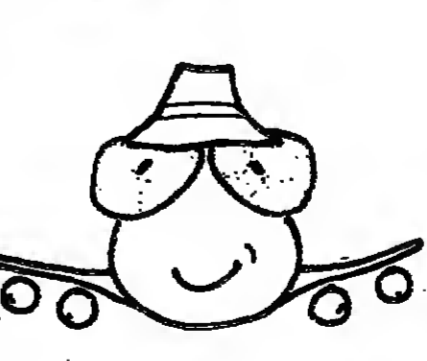
Strikers in London also operated a pirate radio service using transmitters in fire tenders to co-ordinate firemen's picket actions.

A fireman at Rotherham in Yorkshire was charged on a hall on charge of arson after a straw fire at a farm.

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PRICE CHANGES YESTERDAY

pence unless otherwise indicated)

RISES	
Fruehauf	92 + 8
Woolworth	125 + 15
Electronics	224 + 8
Chemical	74 + 6
Withy	332 + 12
...	440 + 113
...	170 + 10
...	283 + 8
...	84 + 8
...	370 + 40

FALLS	
Assed. Dairies	245 - 12
Barton Transport	82 - 6
Costain (R.)	278 - 6
Hill Samuel	96 - 6
Lloyds Bank	283 - 7
Muirhead	187 - 19
Royal Ins.	388 - 4
Taylor Woodrow	432 - 14
Unilever	543 - 18
Vickers	191 - 8
Wheatheaf Dist.	185 - 10
Young Brews. A	132 - 15
Geover	315 - 13
Peko-Wallend	440 - 10
Randfontein	237 - 7
Western Holdings	1124 - 1

EUROPEAN NEWS

French extradite Croissant to West Germany

PARIS, Nov. 16. FRENCH Government extradition request of the Karlsruhe Federal Court which listed 17 charges of offences to face charges of terrorism. It is the Baader-Meinhof group, some of whom he had defended in Croissant was in a being driven to the justice within hours of the Paris court that the extradition from Stuttgart court to seek his extradition. He has admitted that his views are left-wing but has denied sustaining terrorism. The French Bar Association recently came out strongly against extradition, but Government Ministers have not concealed their lack of sympathy for him. Given this clash of views, the judgment will inevitably be political, and unfavourable comparisons will be drawn with the refusal of an appeal court early this year to agree to West German and Israeli extradition requests for the Palestinian terrorist Abu Daoud to face charges of master-minding the murder of Israeli athletes at the Munich Olympic Games. The recent suicide of members of the Baader-Meinhof gang in West Germany has provoked a wave of protest, consisting of anti-German bombings and left-wing intellectual demonstrations. The court decision was hailed by left-wing lawyers as a triumph for the parallelism of the two courts. Herr Croissant with that support for Herr Croissant for the Baader-Meinhof group is not her than the parallelism of the two courts.

Yugoslav political reshuffle planned

BELGRADE, Nov. 16. THE TOP decision-making bodies of the ruling League of Yugoslav Communists, are to be reorganised. The 12-member executive committee will be abolished and the large presidium transformed into a smaller, more efficient organ. Mr. Jure Bilic, a secretary of the executive committee, told the Financial Times. He also revealed that President Tito, currently resting 70 miles north of Belgrade, is in good health and will shortly resume his usual activities. Mr. Bilic refused to comment on the personal aspects of the relationship between the President and his wife, who has not been seen in public since June. However, he denied any political implications in her disappearance, specifically rumour linking Mrs. Tito with political lobbying. Stressing that no final decisions have been taken about the reshuffle, Mr. Bilic said the 48-strong Presidium will probably be more than halved, and will be composed of three representatives from each of the six constituent republics and two each from the autonomous provinces of Vojvodina and Kosovo. The executive committee of 12 will be abolished as a separate top body. However, there will be several secretaries responsible to the presidium, and one of them will be an executive secretary. The central committee, which has 165 members, will be retained as supreme body between the party congresses. These and other changes will be finally decided and approved at next year's party congress. It is understood that President Tito has felt for some time the need for centralising the top leadership and there have been rumours about moves to set up a small political secretariat of his closest and closest collaborators. Mr. Bilic, however, has now indirectly confirmed that the principle of parity representation for the republics and provinces will be maintained at the highest level. The state presidium, which includes the President and eight senior leaders from each republic and province, will remain unchanged, he said. As the Ligan, strong League of Communists is, as before, the central political authority, the projected changes will have great potential significance.

Davignon seeks to persuade arms duty opponents in EEC

STRASBOURG, Nov. 16. THE EUROPEAN Commission is still hoping to persuade the growing number of member states opposed to customs duties on military hardware to change their position. Viscount Etienne Davignon, EEC Industry Commissioner, said today. "Flexible imposition" of the duties would be a valuable bargaining counter in achieving a more even flow in the arms trade between Europe and the United States, Viscount Davignon said. The Commissioner recently sent a letter to all member states telling them that they could no longer unilaterally waive the duty on imports they claimed to be vital to national defence, and that any waiver had to be agreed by unanimity in the EEC Council of Ministers. The immediate impact of this is on three smaller EEC states, Belgium, Holland and Denmark, which along with Norway are importing a large number of components for F-16 aircraft. Viscount Davignon confirmed that the U.K. Government had also objected to the Commission's stand—not because it is buying F-16s but because it sees the step as a precedent that could anger the U.S. and endanger arms co-operation attempts inside the NATO alliance. This week Viscount Davignon took the unusual step of persuading a group of European Parliament MPs, including four Danes, one Dutch and one Belgian, to drop the oral question they had tabled before the Strasbourg Parliament complaining about the Commission's move on the F-16. In an interview here Viscount Davignon said he thought that even states now importing large amounts of U.S. arms would see the water in a different light when they tried to export in the U.S. It was important to let the U.S. know that it did not have a guaranteed arms market in Europe. The customs duty, which would add several million dollars to the \$2bn. European purchase of the F-16 could be imposed where the European defence industry had a project in competition with the U.S. and lifted where it had not. France fought hard last year to sell its rival Mirage to the four European countries that eventually bought the F-16, and if the Commission's ruling that unanimity is needed in lift the F-16 duty is followed France may well use its veto to make sure the duty is imposed. Viscount Davignon feels that the European aerospace and defence industries must be given a measure of protection against U.S. predominance in this field.



"I believe in initiative—old people need your's and mine" Lord Boothby

Butter inquiry 'blocked'

STRASBOURG, Nov. 16. BY OUR OWN CORRESPONDENT BRUSSELS officials are being hampered by the Italian authorities to their investigation of an "obvious fraud" concerning the reimporting of EEC butter sold to the Soviet Union in 1973/4 at a large discount, the Agriculture Commissioner, Mr. Flor Olaf Gundelach, told the European Parliament here today. Butter exports to the Eastern bloc were stopped earlier this year after similar sales had been made. Mr. Gundelach was replying to a question tabled by Lord Bruce of Donnington (U.K. Labour) citing a recent Dutch newspaper report. The Commissioner confirmed that "certain amounts of butter some time back have found their way into the Community, via Rotterdam, and have ended up in Italy without the levy being paid." Lord Bruce said it was a "monstrous reflection on the whole policy of buying senselessly and in unlimited quantities for intervention and not for consumption." Mr. Gundelach could not provide Lord Bethell (U.K. Cons.) with details of the price rebates at which the butter had been sold to the Soviet Union or the price at which it had been bought back by Community buyers. But the Commissioner said that in spite of being "somewhat hampered" by lack of co-operation from the Italian authorities, it was essential to discover the truth "to strengthen our defences against frauds in these transactions."

"Britain has often led the world with new ideas, and new ways of tackling problems. Few people have a worse problem than our old folk. Medical science enables many of us to live longer, but it cannot give the answer to the suffering brought by loneliness, or being shut in a depressing room day after day, because there is nowhere to go. Help the Aged is working to solve this difficult human need with the imagination it used in pioneer flats for the elderly. With local volunteers it is providing Day Centres where old people find companionship and friendly help. Similarly it is also moving forward to fund extra medical research into the physical afflictions of old age." Full details of Help the Aged's work will be sent with pleasure, together with helpful information on minimising taxation (No Gift Tax is now levied on legacies to charity up to £100,000). Please write to: The Hon. Treasurer, the Rt. Hon. Lord Maybray-King, Help the Aged, Room FT7L, 32 Dover Street, London W1A 2AP. *£150 perpetuates the memory of someone dear to you on the Dedication Plaque of a Day Centre.

Payments in surplus

ROME, Nov. 16. FIFTH successive month, the balance of payments on current account registered a surplus of L385bn. in October of L385bn. Their overall foreign debt totals 345m., compared to 1,140bn. the same at Bank of Italy figures surplus is substantially exceeded and is evidence that the economy is losing momentum. This winter and an increase in unemployment. It fell last month in a consumption of oil. Additional factor helping seriously wounded in Turin to be in a position which in October showed a deficit of L1,643bn. against an extra-parliamentary deficit for the same period last year, in the short-term foreign indebtedness of Italian commercial banks. Their overall foreign debt totals more than \$6.5bn., compared to \$3bn. at the end of last year. While the latest payment figures reflect the Government's economic stabilisation programme they have confirmed fears of an industrial recession in winter and an increase in unemployment. Sig. Carlo Casalegno, deputy editor of the Milan daily newspaper, La Stampa, was shot and seriously wounded in Turin to be in a position which in October showed a deficit of L1,643bn. against an extra-parliamentary deficit for the same period last year, in the short-term foreign indebtedness of Italian commercial banks. Their overall foreign debt totals more than \$6.5bn., compared to \$3bn. at the end of last year. While the latest payment figures reflect the Government's economic stabilisation programme they have confirmed fears of an industrial recession in winter and an increase in unemployment.

Shcharansky trial hint

MOSCOW, Nov. 16. THE MOTHER of imprisoned Jewish dissident Anatoly Shcharansky said today she would her son may need a lawyer in a month's time, another indication that the Soviet authorities intend to press ahead with what could be the most important dissident trial of the decade. Mr. Shcharansky (29) was denounced as a "traitor" last month by the Soviet news agency Tass. Mrs. Shcharansky said she told the KGB that she has retained French attorney Roland Rapoport to defend her son.

Spain breaches bank secrecy

MADRID, Nov. 16. THE SECRECY that has traditionally surrounded bank accounts in Spain will be breached tomorrow by the implementation of a new law permitting the tax authorities access to individual and corporate accounts for tax assessment purposes. Bank secrecy has been a major handicap in tax assessment and collection. The breach of this secrecy is part of a comprehensive reform of Spain's tax system with a view to a fairer distribution of wealth and improved methods of tax collection. The measure is one of the first to be implemented. The banking community has strongly resisted this reform arguing that it was liable to betray the confidence of clients.

Soares seeks economic pact

LISBON, Nov. 16. PORTUGUESE Prime Minister, Mario Soares has sent to opposition leaders a 20-page diagnosis of Portugal's economic woes, suggesting means of overcoming them. The document will serve as the basis for a common policy to be negotiated between Government and opposition. The Premier has set November 30 as the deadline for an agreement because an understanding must be reached in early December, so that negotiations can be resumed with the IMF over standby and medium term loans, and parliamentary debates begun on the austere 1978 budget. However, the possibility of consensus with political parties, management or labour has become remote. Bank of Portugal sources today said Portugal sold 48 tons of gold on the free market in September.

Fuel short in Turkey

Petrol stations in Istanbul ran out of fuel yesterday and Minister of Energy, Kamran Isan said Turkey would have to introduce a weekend driving ban in order to reduce oil imports.

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OVERSEAS NEWS

U.S. agrees to Filipino commanders at base

By Miguel Suarez
MANILA, Nov. 16.
AT THE RESUMPTION of negotiations on the future of American military bases in the Philippines, the U.S. and the Manila Government agreed in principle, to place Clark air base and Subic naval base under Filipino commanders.

An official announcement issued following a closed-door meeting between President Ferdinand Marcos and the new U.S. Ambassador, Mr. David Newsome, did not, however, say what kind of powers the Filipino commanders would have over the military installations which were described as "Philippine bases."

Areas of U.S. facilities would be clearly defined, the announcement added. Agreement has yet to be reached on such thorny issues as the amount of rental to be paid by the U.S. Government and criminal jurisdiction over base personnel.

Before the talks with the administration of President Ford were suspended last year, President Marcos denied American reports that his Government had accepted a U.S. offer of \$1bn. in economic and military aid spread over a five-year period in exchange for use of the bases, which are located in Pampanga and Zambales provinces.

Meanwhile, Mr. Jose Maria Sison, the elusive chairman of the Communist Party of the Philippines, has been captured by Government forces and is being interrogated at an undisclosed place, church sources revealed to-day.

Philippine Government and military officials have declined to either confirm or deny the report of Mr. Sison's capture.

ON OTHER PAGES

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STEVE BIKO INQUEST

Police deny charges of beating

BY QUENTIN PEEL

MR. STEVE BIKO, the South African black consciousness leader who died in police detention, was "smashed up" by security police, Mr. Sydney Kentridge, the advocate representing Mr. Biko's widow and family, claimed at his inquest in Pretoria to-day. The assertion, however, was flatly denied by security policemen under cross-examination.

Further revelations of Mr. Biko's treatment in police custody—he was transported naked in the back of a Land-Rover from Port Elizabeth to Pretoria on the day he was found unconscious in his cell—have continued to receive saturation coverage in all South African newspapers.

As the case went into its third day at the old synagogue, scene of many major political trials, the court was crowded with black sympathisers, legal observers,

Mr. Biko's friends and family, and both foreign and domestic journalists. Of all the media inside South Africa, only the Government-controlled broadcasting corporation has played down the revelations. The story has featured as the front-page lead in all the major newspapers, both Afrikaans and English-language, although its treatment has been different.

In the pro-Government Press, security police allegations that Mr. Biko was a dangerous revolutionary, and author of an inflammatory pamphlet, were given the greatest emphasis. In the opposition Press, the rejection of the police evidence, because it was taken after Mr. Biko's death, was the biggest story.

Evidence of the transfer of Mr. Biko from Port Elizabeth to Pretoria—a distance of more than 1,100 kilometres—on the day before he died was given by the court as a deliberate attempt to mislead the doctors.

He said that an attempt had been made to find an alibi for him, but when that proved impossible, he had been moved in the back of a police Land-Rover. He had been given some cell mats, blankets and a cushion, but was stripped naked, as he had been when kept in the police cells.

Capt. Siebert said he had not suggested it would be better to move him in an ambulance, because if the doctors had felt he could not be transported, they would not have given their permission. He had believed that Mr. Biko was shamming his illness.

He also agreed that he had told a prison officer in Pretoria that Mr. Biko had been a medical student and had practised yoga, making it easy for him to sham illness.

Mr. Kentridge suggested that his actions showed a deliberate attempt to mislead the doctors.

JOHANNESBURG, Nov. 16.

an effort to keep Mr. Biko away from any outsiders on the journey to Pretoria. "While in custody he was smashed up and you are not prepared to admit that he suffered a head injury," he said. Capt. Siebert denied it. Police witnesses made further statements to-day about their belief that Mr. Biko was "nothing other than a terrorist leader."

However, Mr. P. Van Rooyen, the police advocate, agreed that it was not relevant to the inquest whether or not Mr. Biko had committed any crime. He said he was simply trying to show Mr. Biko's mental condition when undergoing police interrogation.

Mr. Kentridge said Mr. Biko was not merely being tried posthumously. "He is now being convicted. It is obviously the objective to discredit Mr. Biko now he is dead."

The case continues.

Further soundings taken on Rhodesia

By Martin Dickson

THE BRITISH Government, apparently struggling to sustain the momentum of the Rhodesian settlement initiative, is taking fresh soundings among the Rhodesian protagonists on the possibility of convening a cease-fire conference in the near future.

Dr. David Owen, the Foreign Secretary, had originally hoped to hold a cease-fire conference in Malta this week, but he had to shelve the plan when Mr. Ian Smith, the Rhodesian Prime Minister, declined to send representatives.

It is understood that Mr. Smith feels Britain is "putting the cart before the horse" in tackling the cease-fire question before a greater measure of agreement is reached on constitutional aspects of the Anglo-American settlement proposals.

Despite this setback, Britain is still pinning its hopes on an early cease-fire conference and the Rhodesian Government and the Patriotic Front, which speaks for the nationalist guerrillas, are being contacted this week to see whether a way to the conference table can still be found.

In essence, the hope appears to be that Mr. Smith will have second thoughts about his rejection last week of the Malta conference. But there do not appear to be any firm grounds for believing that he will do so.

What chances there are of clearing the impasse appear to revolve around Britain's willingness to hold talks on constitutional questions in parallel with cease-fire discussions. Observers believe it might be suggested to Mr. Smith that separate talks on the two issues could be held at the same time and in the same venue.

However, even if agreement were reached on the holding of a cease-fire conference, the prospects for substantive progress being achieved at it remains gloomy, with the Salisbury Government and the nationalists as far apart as ever and apparently in no mood to compromise.

In a move that is likely to be seen as evidence that the Anglo-American initiative is flagging badly, the Foreign Office withdrew from Salisbury, Mr. Jeremy Varcoe, a diplomat of First Secretary rank, who has been a channel for communication with the South Government since the start of September.

Although the Foreign Office says this should not be seen as a loss of momentum, Mr. Varcoe is to be replaced by a junior official.

Iraq outraged by Sadat visit

BAGHDAD, Nov. 16.

IRAQ TO-DAY led a chorus of Arab protest against the proposed visit to Jerusalem by President Anwar Sadat of Egypt. Eight days after the announcement of plans for the unprecedented visit, no Arab leader has publicly supported Mr. Sadat's initiative. Criticism has come even from the Right-wing Lebanese leader, Mr. Camille Chamoun.

In Baghdad, the leadership of the ruling Ba'ath Party called on Arabs to "denounce Sadat's intention and work, through all means, to prevent its implementation."

The statement said the visit would be a catastrophe for the Arabs and would weaken and disintegrate their ranks. President Sadat's behaviour was a "dangerous deviation which cannot be allowed to pass silently."

No Arab ruler had the right to discuss the core of the Middle East problem—the Palestinian issue—with "the usurping occupant" of Arab territory.

Iraq is firmly opposed to moves towards a peaceful settlement of the Middle East conflict, but condemnation of the planned visit came also from more moderate quarters.

The biggest Palestinian commando group, Fatah, said in Beirut that the plan was a "flagrant defiance of the Arab will." The much more radical Popular Front for the Liberation of Palestine called for the use of force against "Sadat and his capitalist trends."

In Amman, the Council of Moslem Organisations and Associations said the visit would be tantamount to "recognition of Jerusalem as the capital of the Jewish state."

Libya, whose attitude on Middle East peace moves is similar to that of Iraq, described the Egyptian plan as a "regrettable and dramatic collapse of the stand of Arab confrontation with the Zionist enemy."

In Kuwait, where the often reflects mainstream Arab views, two news carriers harsh criticism of Egyptian move.

Syria, where President Hafez al-Assad arrived to-day for an official visit, has maintained official silence. The Egyptian proposal over the Jordanian border has been said to have been rejected by the Syrian President.

Iranian Khomeini reports Beirut: Arab public here, initially shocked, has been told that the announcement has been made by the President. Young men with sticks around their necks in West Beirut to-day in a demonstration against the visit.

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Clarification awaited

BY DAVID LENNON

THE MOUNTING excitement in Israel over the prospect of President Sadat's visit levelled off somewhat to-day, after the U.S. Embassy announced that the Egyptian leader had flown to Damascus without receiving the official invitation to him last night by the Prime Minister, Mr. Menachem Begin.

Officials in the Prime Minister's office were uncertain of the reason for the delay in the delivery of the note, but were more confident than ever that the visit would take place.

They said that it was most likely that President Sadat's visit would take place next Thursday, November 20, and the end of the morning, the near-cup yesterday, there was a re-thinking to-day.

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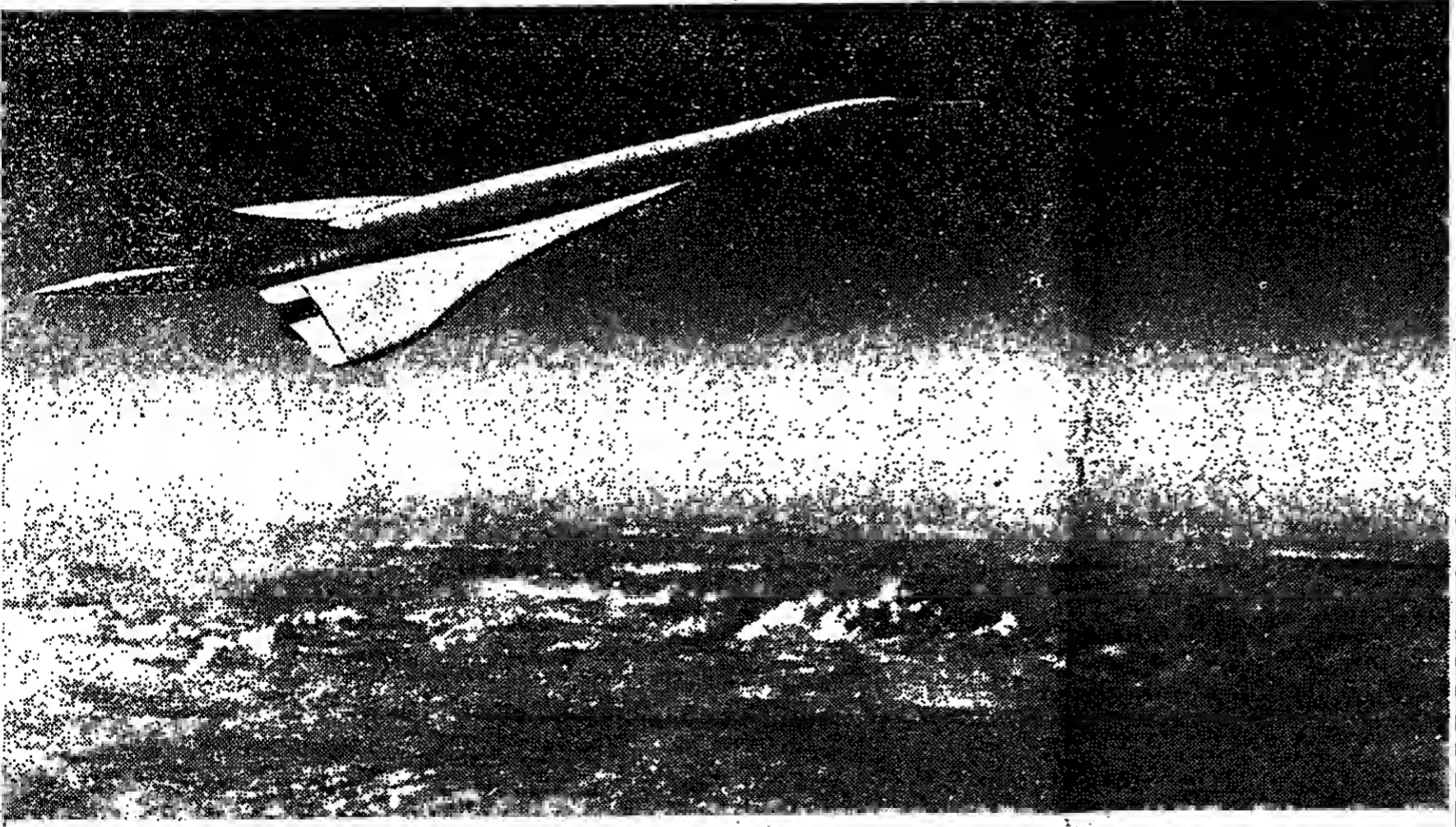
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AUSTRALIAN NATURAL GAS Drilling in Cyclone Alley

BY DON LIPSCOMBE IN PERTH

WORK IS now getting under way on the \$A55m study which will determine the feasibility of investing \$A2bn. or more in tapping the natural gas riches of Australia's North-West Shelf.

This month's announcement of the first contracts for the study has been hailed by Western Australia's Premier, Sir Charles Court, as "the greatest step forward this decade in natural resources development in Western Australia."

The study work will provide data for the partnership of Shell, Broken Hill Proprietary, BP and Cal-Asiatic to decide whether or not to proceed with a project in which the gas would be piped ashore to be super-chilled as LNG (liquefied natural gas) for export to Japan and North America.

For the participants, it marks the formal start of a venture of awesome complexity. The development wells will be in 415 feet of water. The two drilling platforms will stand 80 miles offshore and 80 feet above the surface of waters that are whipped most summers by 150 mph winds (drillers call this Cyclone Alley). The seabed is unstable and currents strong.

Oceanographic surveys will represent the first step along the critical path towards construction, due to start in the second half of 1979 for production from 1982.

The present phase calls for confirmation of all the assumptions made so far. A broad development proposal, placed late last year before the Government and partners involved, was based on a desk study backed up by relatively little hard data, considering the size of the investment. Now, everything is to be quantified, from the gas-producing qualities of the source rock, through the permeability of the ocean floor to the best site for the gas liquefaction plant.

Markets are no less complex. Prices in the United States, for example, vary by a factor of three according to where the gas originates. It is generally considered that LNG will be able to command a premium over other equivalent prices of other fossil fuels simply because it is a measure of last resort imported expensively when alternatives become unavailable.

But the partners are depicting the project as marginal and high-risk, and on this basis have negotiated the right to exploit about 10 per cent of the total gas field reserves for LNG. Only in

this way, they have reasoned, can the economies of scale be developed to justify developing the natural gas for use within Western Australia, where established sources will run out in the mid-1980s. So in effect, they have given the impression that the only way of maintaining competitive local gas prices is by allowing the LNG scheme to subsidise them.

The project has had to overcome a sequence of political hurdles. When the then-Federal Minister for Minerals and Energy, the late Mr. Rex Connor, announced a wellhead acquisition

It is a venture of awesome complexity. The seabed is unstable and currents are strong.

scheme four years ago, the whole scheme was shelved for nearly three years. Ironically, the Connor imprimatur on a plan for a national gas pipeline grid helped the North-West Shelf partners defeat a Sydney group that was lobbying strenuously up until only a few weeks ago for the gas to be piped across the continent for distribution on the east coast, with any surplus exported from there.

In the August Federal budget, the partners were assured of accelerated depreciation allowances and other tax concessions they considered essential. Subsequently, in a burst of energy policy changes that contrasted with nearly two years of pro-privatisation by the Fraser Government, the crude oil-price arrangement was changed and tax deductions against offshore exploration were restored.

However, this still falls short of what the partners want. It is during their appraisal drilling, they find a commercial gasfield, or the energy crisis becomes so acute that LNG prices rise, that they have to retroactively give some form of tax. Newly announced changes to the tax laws as they affect overseas companies argued that risk is a factor they will have to live with.

It has always been accepted that Japan would be the prime market, but North American gas production installations overseas that the Japanese are at least avoiding the risks of relying on one market. The Japanese tend to buy through a cartel as the steel mills do with iron ore.

Yankers will account for about one-third of total costs, falling off the price of the total gas field reserves for LNG. Only in

all the LNG (calling tankers and \$A800m), takes it all (14 tankers, or the market is shared). So while the specialise technology the ocean and the near coast to find the optimum and pipeline routes. Petroleum will start sales within Western as well as assessing the and financing needs. I recalled that Petroleum was previous side-Burnham Oil. When was forced to sell its assets, to sell its increased its holding, each holds 19 per cent although Shell's expert LNG makes it the participant.

If the undertaking compared with a development. Shell's management specialists hired as the "builder," architect and a major the LNG industry is 30 more than ten compared the necessary qualifications take on the building. This has not stopped. It would be a good idea to have pillars from setting read economic spin-off by at in Perth.

In a city where a with without continuing the political trick enough pressure on venturers to ensure if companies will benefit downpour of work after years' drought—without push investment into sophisticated jobs the project is, the effects within Australia likely to be dramatic. The work is too special most of the outlay will overseas.

When the construction force of 5,000 starts setting the Pilbara 970 road in problems will be solved. As the iron miners have four worker, representing a million in the iron ore. Yet for LNG, this investment ratio will higher with even open-collared iron ore. In the past, the highest iron ore prices have been achieved by the Japanese, who are convinced consumers, obsessed by fears of energy supplies, that the falling off the price of the total gas field reserves for LNG. Only in

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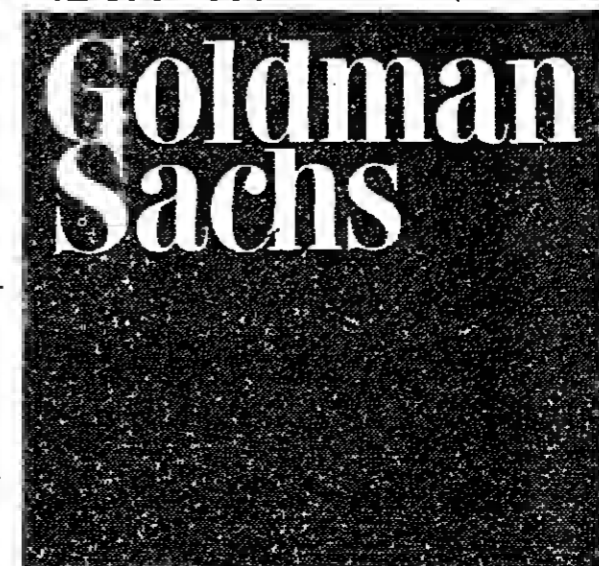
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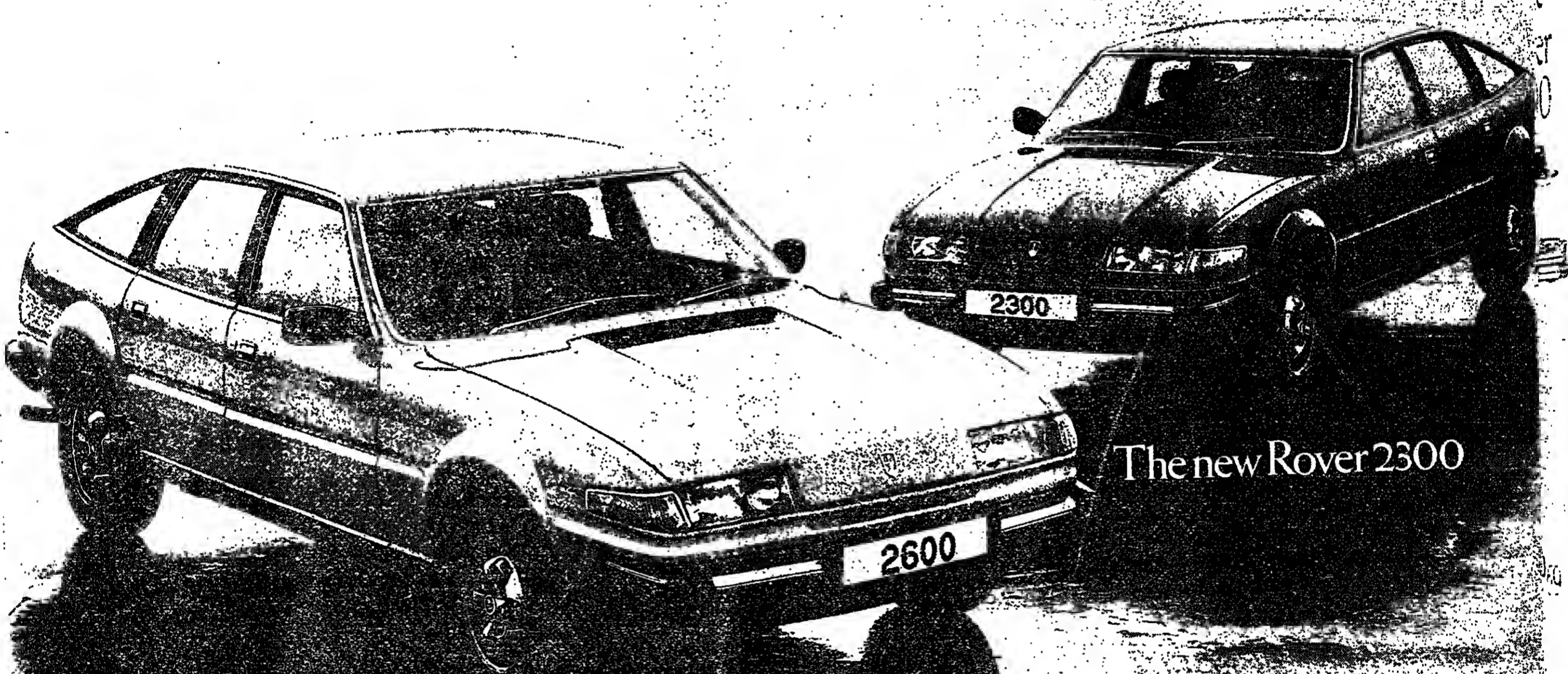
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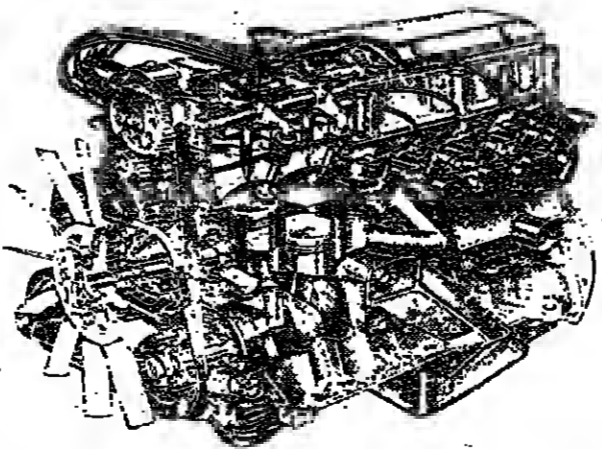
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*Motor magazine Car tested 2600 manual.



مكتبات الأصيل

HOME NEWS

Co-op pension fund loans row settled

BY ERIC SHORT

THE LONDON Co-operative Society is to pay £1.4m into its employees' pension fund in settlement of the dispute over money borrowed by the society from its pension fund.

Justice Brightman that will repay this past shortfall. The society has also announced that it is improving pension levels by amounts varying from 5 per cent for pensioners who retired in 1975 to 20 per cent for those who retired before November 12, 1973. The increases are being back-dated to July 1976.

Mortgage deal

The last actuarial valuation of the pension fund, made in January 1976 revealed a short fall of assets against liabilities of £2.3m. The latest pension increases will add to this deficiency.

mortgage secured on specific properties at an interest rate of 14 per cent.

This rearrangement, together with the £1.4m payment, will be sufficient to cover the previous deficiency and meet the additional liability arising from the pension improvements.

The new arrangement is not permitted under the rules of the pension scheme and thus had to be approved by Mr. Justice Brightman.

Mr. Evans is reported as saying that this compensation was not enough. He had been hoping for £5m to be paid into the fund.

Australians offer to tell U.K. groups why they lost order

BY MAX WILKINSON

THE STATE Electricity Commission of Victoria, Australia, has invited British manufacturers to a meeting to discuss the reasons why they failed to win orders for three turbine generator sets.

At one time it was believed that Parsons had made the lowest tender, but as a series of different prices have been quoted by all the companies and the size of the order has also been varied during negotiations this may not have been an important point.

It is indisputable, however, that the negotiations coincided with a protracted and bitter public argument between the two British companies over Government attempts to force them to merge.

There has been strong speculation that the British companies, C. A. Parsons and the General Electric Company, lost the order because of their failure to agree merger terms.

Parsons still urgently needs export orders, despite recently being promised the turbine generator order for the new 5300m Drax B power station near Selby.

The last big order placed by Victoria went to Brown Boveri and a recent large order from the New South Wales electricity authority went to Toshiba.

The order went instead to the Siemens subsidiary, Kraftwerk Union, which will make three 500 MW sets for a contract price of \$438m.

Indeed, one of Parsons's main arguments for being given the Drax order was that it would provide a firm base from which to compete for exports.

One executive in the industry said that it was too much to say the order was lost directly because of the argument between the companies. He added, however, that GEC and Parsons had been pooling their resources with the full backing of the British Government instead of fighting each other. I think they could have swung it against Siemens.

This price is for the bare machines and excludes a large amount of ancillary equipment which will be subcontracted in Australia.

Howard Machinery Group in co-operate U.K. production in three centres: Halesworth, Harlesden in Norfolk and Washington New Town in the North-East.

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Howard Rotavator shuts two plants in Suffolk

BY CHRISTOPHER DUNN

HOWARD ROTAVATOR's loss of the U.K. leading agricultural machinery manufacturers' association announced plans yesterday to close two factories in Suffolk with the loss of 300 jobs, because of a decline in sales, particularly since 1975.

Howard Machinery Group in co-operate U.K. production in three centres: Halesworth, Harlesden in Norfolk and Washington New Town in the North-East.

Howard's factory at Halesworth in Suffolk will close next month. The company's assembly plant in Ipswich will be shut next May and work transferred to the Halesworth plant.

Howard Machinery Group in co-operate U.K. production in three centres: Halesworth, Harlesden in Norfolk and Washington New Town in the North-East.

The moves are part of rationalisation plans by Howard Rotavator, part of the Howard Machinery Group in co-operate U.K. production in three centres: Halesworth, Harlesden in Norfolk and Washington New Town in the North-East.

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Mr. Long-Price said sales in the U.K. recently had not been "too bad". But major markets abroad, such as France, Australia and the U.S. had deteriorated.

Howard Machinery Group in co-operate U.K. production in three centres: Halesworth, Harlesden in Norfolk and Washington New Town in the North-East.

Leyland announces new management structure

BY TERRY DODDSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE British Leyland management structure which was announced yesterday by Mr. Michael Edwards, chairman, is:

Two more panels, one covering management resources, and one investment, will also be run from Leyland's London headquarters at Nuffield House. Management resources will be headed by Mr. Edwards, the investment by Mr. Park.

Main Board: Mr. Edwards, Mr. Ian MacGregor (deputy chairman), Mr. Austin E. Bide, Sir Robert Clark, Mr. Albert Frost, Mr. Alex Park and Mr. Percy Plant (secretary).

The four operating groups have now been given limited company status:

Mr. Gregor is also chairman of Leyland International. Mr. Bide is chairman of Glaxo Hindlins. Sir Robert Clark is chairman and chief executive of Hill Samuel, and Mr. Frost is a director of Marks and Spencer, and S. G. Warburg.

Leyland Cars Board: Mr. Edwards (chairman), Mr. Derek Whittaker (managing director), Mr. David Andrews, Mr. Colin Daniel, Mr. Steve King, Mr. Pat Lowry, Mr. Geoff Whalen, and Mr. Gerry Wright.

Two of the non-executive directors will also head advisory committees: Sir Robert Clark, who will be responsible for audit, and Mr. Frost, for funding. Mr. Edwards will head the appointments and remuneration committee.

Leyland International Board: Mr. Edwards (chairman), Mr. David Andrews (managing director), Mr. Dennis Boxem, Lord Greenhill, Mr. Bert Lawrence, Mr. Pat Lowry, Mr. Jack Revson, Mr. Graham Whitehead, Mr. Gerry Wright.

Beneath the main Board will be a number of advisory organisations. At the centre of these is the strategy panel, headed by the chief executive, which will look at strategy and will decide how to put decisions into effect. But the central executive organisation will be a new Advisory Board. This will be headed by Mr. Edwards, the other members being the four managing directors of the operating companies plus Mr. Alex Park, Mr. Pat Lowry, and two more expert vice-chairmen still to be appointed.

Leyland Truck and Bus Board: Mr. Edwards (chairman), Mr. Des Pitcher (managing director), Mr. Pat Lowry, Mr. Peter McGrath, Mr. Harold Munn, Mr. Allen Russell, Mr. Frank Saunders, Mr. Gerry Wright, and Mr. Neil Sullivan (secretary).

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Leyland Special Products Board: Mr. Alex Park (chairman), Mr. David Abel (managing director), Mr. Brian Hoare, Mr. Pat Lowry, Mr. Bill Snelford, Mr. Gerry Wright, and Mr. Chris Wright (secretary).

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Windscale was 'important development in democracy'

FINANCIAL TIMES REPORTER

Mr. Anthony Wedgwood Benn, Secretary for Energy, said yesterday that he believed the Windscale public inquiry has been "the most important development in democracy this country has seen."

Mr. Benn was addressing a lobby of MPs at the Commons, attended by some 700 people, broadly opposed to further expansion of Britain's nuclear reactor and waste-reprocessing.

The inquiry had brought crucial issues concerning nuclear power out into the open, and Mr. Benn's department and other Government circles, had welcomed the public interest shown.

A dozen members have signed an early day motion expressing concern that nine-tenths of U.K. expenditure on energy research and development is allocated to nuclear power.



Sir Havelock Hudson (right), chairman of Lloyd's of London, who retires at the end of the year, with Mr. Ian Findlay, who takes over as chairman.

Bread likely to rise 2p next month

By Elinor Goodman, Consumer Affairs Correspondent

IT NOW looks as if bread will go up by 2p a loaf next month. This is still a large rise by past standards but considerably less than the 5p a loaf increase sought by at least one of the major manufacturers.

Findlay elected as Lloyd's chairman

BY ERIC SHORT

THE COMMITTEE of Lloyd's yesterday elected Mr. Ian H. Findlay, chairman of insurance brokers Sedgwick Forbes Group, to be chairman of Lloyd's from January 1 when Sir Havelock Hudson retires from the chair.

He was also made a Freeman of the City of London this year and last week it was announced that Lloyd's was presenting him with a gold medal, the highest honour it can confer.

The chairman of the committee of Lloyd's is elected annually by the members, although it is quite common for the existing chairman to be re-elected. Sir Havelock Hudson has been chairman since 1975.

It has been very unusual to elect an insurance broker as chairman. The last time this happened was in 1947, when Sir Philip D'Ambrunenti was chairman for one year.

Mr. Findlay has been extremely active, both in Lloyd's and in the insurance broking profession. He has served on the committee of Lloyd's since 1971 and has been a vice-president of the Corporation of Insurance Brokers for a number of years.

As an motor baking company, can afford to let its prices rise by more than those of its competitors, any reduction in ABF's increase would mean that both Spillers and RHM would be prevented from raising their prices by more than 2p.

Mr. Havelock, during his three years as chairman, has travelled extensively on behalf of Lloyd's in Scandinavia, Canada, Egypt and the U.S.

Mr. A. B. Gray and Mr. C. O. Gibb were elected deputy chairmen of Lloyd's.

Barclays Bank cuts cost of loans

By Michael Blanden

BARCLAYS Bank will reduce the interest charged on new personal loans from a true annual rate of 16.65 per cent to 14.83 per cent on Monday.

The change is a reflection of the sharp fall in the general level of interest rates this year, which has brought the big banks' base rate for overdraft lending down from 14 per cent to 6 per cent.

It puts Barclays among the cheapest of the banks for personal loans. The fixed-rate fixed-term finance which provides a vehicle for an important part of their personal lending.

Increased

National Westminster offers personal loans on the basis of a flat interest rate of 7 1/2 per cent, which works out at a true rate of 14.7 per cent over two years. But the cost is increased by a 1 per cent arrangement fee which the bank normally charges.

Midland operates on an 8 1/2 per cent flat rate, equivalent to a true rate of 16.7 per cent. Lloyd's also charges 16.7 per cent, true it said yesterday that it was looking at its rate.

Williams and Glyn's is also on an 8 1/2 per cent flat rate, while the Co-operative Bank charges 9 per cent flat, equivalent to 15.7 per cent on a true basis.

Warwick University has decided to close its £12m-a-year account with Barclays because of the bank's heavy involvement in South Africa.

Forces order Cortinas

Ford has won an order in supply Britain's forces with about 500 Cortina 1600L cars a year against competition from three models of rival manufacturers. It will be used as a staff car for colonels, brigadiers and equivalent ranks.

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HOME NEWS

Recovery goes on in van sales

By Terry Dodsworth, Motor Industry Correspondent

THE recovery in the U.K. commercial vehicle market continued last month with a 16.1 per cent increase in registrations, compared with the same month last year.

Van sales were 18,606, with a particularly strong performance in the car-derived van and medium van sectors. Over the first 10 months of the year, 189,187 commercial vehicles have been sold, giving a 6.5 per cent improvement on 1976.

The figures, issued yesterday by the Society of Motor Manufacturers and Traders, give further evidence that the commercial vehicle sector is settling into a period of healthy growth.

Under the aegis of the British manufacturers' point of view, is that imports still are growing. Last month, imports totalled 3,463, which accounted for 17.7 per cent of the market compared with 16.3 per cent last year. Over the 10-month period, imports gained 16.4 per cent of sales, compared with 14.1 per cent in 1976.

Among the U.K. manufacturers, Ford was the overall market leader last month with 5,028 (26.9 per cent), followed by British Leyland with 3,273 (17.2 per cent) and Chrysler 313 (1.4 per cent). Ford's total included 17 imports of its heavyweight Transcontinental truck, which is made in Holland.

Dragged down

British Leyland moved back to market leadership in heavier vehicle category for trucks of more than 3.5 tonnes gross vehicle weight with 1,221 sales against Ford's 1,178.

But Leyland's overall performance continues to be dragged down by the loss of sales in the car-derived van sector where the small Mini and Marina vans and pickups are losing out to Bedford and the importers. These vehicles are made by Leyland's car division which has suffered production problems.

Bedford's recovery has been particularly marked in the lighter vehicle categories, where the launch of the Cherette-derived van has revitalised the range. Last month, Bedford achieved sales of 1,496 light vans and 865 medium-weight vans.

In the bus sector, British Leyland captured 89.2 per cent of the market last month, with 231 sales, followed by Bedford with 10.8 per cent (31 sales) and Ford 2.4 per cent (7). Total bus and coach sales at 288 were 15.3 per cent lower than in October, 1976.

Airline staff protest over 'bias'

Financial Times Reporter

ABOUT 400 employees of British Island Airways have signed a letter protesting at the recent rejection by the Civil Aviation Authority of their company's application to operate six new European routes from Gatwick.

The letter is part of a campaign launched by the airline's staff throughout the country to fight what is seen as "politically motivated" Government bias against the smaller private airlines.

Mr. Graham King, computer manager at the airline's Redhill (Surrey) headquarters, said yesterday that it was hoped to present the letter to Mr. Nigel Foulkes, chairman of the Civil Aviation Authority. Failing that the letter would be handed to an official of the Department of Trade.

Last month the authority turned down applications from the airline to fly from Gatwick to Copenhagen, Dublin, Frankfurt, Geneva, Hamburg and Zurich. The routes were given to British Airways and British Caledonian Airways.

The reasons given were that the expansion of Gatwick Airport could not take place without the presence of "the national carrier" and that British Island Airways was too large enough to market its services on the Continent.

The airline's staff said that the hearing of the applications was deliberately postponed for several months to enable British Airways to strengthen its position. The airline's applications were made only 12 days before the final date of the hearing in September. The company had applied in January and March.

Mr. King said: "Being a small private company, it affects us all if we cannot expand. Several of the staff have already had letters from their MPs, promising to take the matter up."

Shell and BP try to stop sanctions-breaking case

SHELL Petroleum and BP try to stop a High Court action in which it is alleged that they broke sanctions against Rhodesia.

The two are among 29 oil companies facing a damages claim by Louro and Companhia De Pipelines Mozambique Rodesia-Sarri, the Vice-Chancellor, filed an application for Shell and BP that Louro's action against them should be stayed.

The judge was told that the two oil companies were contending that there was an agreement that the matter should be dealt with by arbitration rather than litigation.

Mr. Robert Wright, Q.C. for Louro and Companhia De Pipelines Mozambique Rodesia-Sarri, said the parties had been offered a date in June for the hearing of the application, but Louro wanted it dealt with earlier.

Opposing an earlier hearing, Mr. Brian Daveport, for Shell, said not all of the 29 defendants had yet been served with Louro's writ. He was supported by Mr. Christopher Clark, for BP, who told the judge that it was a "massive" action and it

was essential to get it started correctly.

Mr. Wright told the judge: "The case is that, without the assurance of supplies of oil, UDI would not have been declared, and without the continuation of those supplies UDI would have come to an abrupt end long before this because no economy can survive without oil."

It was common ground that oil had been reaching Rhodesia since UDI and that it must have come from outside South Africa. "We say that the defendants are liable to us for conspiracy and interference with contractual relationships and also in breach of contract."

In 1962 Louro and five principal oil companies—Shell, BP, Mobil, Caltex and Campese—entered into a series of agreements with the Federation of Rhodesia and Nyasaland for the building of an oil refinery near Umtali and a pipeline from Beira to Umtali, he said.

Under those agreements the oil companies agreed they would ship oil to Rhodesia only through the pipeline to be built by BP, who told the judge that it was also an implied term of

the agreements that the oil pipelines would do nothing to be closed, or likely, to result in the pipeline being closed and re-laid.

The pipeline began operation in January, 1968. Rhodesia declared UDI in November that year and the pipeline to operate in December, when the U.K. imposed sanctions.

Mobil, Caltex and Campese had not yet served with writs. There was possibility that those companies would seek to set aside a judgment or raise the question of a stay.

It was important that action should get under way because the witnesses from Africa to attend might be there had also been the action of the Government. There was a proposed settlement of the Rhodesian situation, possibly immunity from an anti-criminal consequent UDI.

Mr. Wright said any action would be governed by Arbitration Act, 1976.

The Vice-Chancellor said the matter should be determined as early as possible.

Judge attacks winding-up motion

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

MR JUSTICE TEMPLEMAN has decided not to pursue its petition to wind up Percy Bilton, the £56m industrial property development group.

In his summing-up, the judge described the petition, brought over a disputed debt, as "an abuse of the processes of this court."

"The Companies Court is not the vehicle to pursue a debt," he said. The proper course for the petitioner would have been to test the disputed debt in the County Court or the High Court rather than seek a winding-up petition.

The winding-up petition was granted late last month to Logcourt, a private building company on the strength of a disputed contracting bill for £552,99. Bilton, whose last published accounts to the end of December, 1976, showed cash in hand of £136,000 and other near cash deposits of nearly £9m, was granted an injunction restraining advertisement of the petition earlier this month when the hearing was postponed.

Speaking in this week's hearing that Logcourt had earlier

thought they could bring pressure on Percy Bilton to attend might be fortunate they (Bilton) to be blackmailed."

The judge directed that Bilton is now considered a writ for damages. Logcourt, Logcourt for testing process, the judge said still hopes to pursue a claim in the High Court.

'Boycott the second-rate'

BY OUR CONSUMER AFFAIRS CORRESPONDENT

GOVERNMENT intervention in the field of consumer protection, in the long term, could result in a reduction in choice and an increase in prices, Mrs. Sally Oppenheim, Opposition spokesman on prices and consumer affairs said yesterday.

Giving a warning that every decision transferred to Whitehall could be one more nail in the coffin of consumer choice, she urged consumers to boycott secondary goods. Speaking to the British Food Federation, Mrs. Oppenheim said that while the interests of the consumer served by competition, it is something which proper order of things. The interests of people producing and goods was too often in the discount caused by the late greater security. It was necessary to ensure vigilance to ensure that these areas where it evidence of declining s

PRICE POLICY AND THE ROLE OF THE PRICE COMMISSION

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Scottish birth rate lowest since 1855

SCOTLAND'S BIRTH rate last year was the lowest since records began in 1855, official figures show.

The Registrar General for Scotland's annual report says there were 85,000 births—3,000 down on the year before, and the twelfth successive year the figure had fallen.

مكتبة الامم المتحدة

هكذا من الرجل

HOME NEWS

Builders dispute home's bright new future

MR BRENNAN, PROPERTY CORRESPONDENT... THE SHORE Secretary would fall 5 per cent to £4.6bn... Mr. Richard Heyman, the council's director, expected no change in turnover next year and only a 3 per cent increase over this year's depressed workload...

U.S. learns from health service

By David Churchill... THE STRUCTURE and organisation of the National Health Service is likely to form the basis for the U.S. national health system due to be set up by the Carter Administration... This was made clear yesterday by Mr. Joseph Califano, U.S. Secretary of Health, Education and Welfare...

Lord Scarman urges U.K. Bill of Rights

BY LYNTON McLAIN... A BRITISH Bill of Rights to safeguard the individual in face of growing power exercised by minority groups, was urged by Lord Scarman, chairman of the Grunwick inquiry, last night... Britain must be prepared to experiment with its legal and political systems if there was to be justice for both the individual and disadvantaged minority groups...

Lady Macleod's dismissal 'was not political'

FINANCIAL TIMES REPORTER... THE DEPARTMENT of Prices denied last night that Lady Macleod, chairman of the National Gas Consumers' Council, had been dismissed for "political reasons"...

NEWS ANALYSIS - SEGRAM AND GLENLIVET Scotch plans off ice

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT... THE £40m. bid by Seagram for Glenlivet Distillers to some extent reflects the recent change in the mood of the Scotch whisky industry as it has passed from recession back to the prospect of steady expansion once more... Admittedly, many people in the industry now expect that expansion to be at perhaps 6 per cent a year, in volume, rather than the 8-10 per cent the industry has seen since the 1950s...

Steel output up slightly in third quarter

By John Lloyd... Steel production in the third quarter of this year, according to figures published yesterday by the British Scrap Federation, rose to a provisional 1,895m tonnes in the third quarter, a 1.1 per cent increase on the 1,872m tonnes of the second quarter...

New transport committee powers likely next year

By Ian Hargreaves... CENTRAL Transport Committee, the main watchdog organisation, is to be given significant new powers in a Parliament Act before next summer... Protection was given to see the committee become a more effective force...

New U.K. row with EEC likely on drivers' hours

By David Freud, Industrial Staff... A clash between the U.K. and the EEC Commission over hours is likely... Mr. Noel Coughlan, chief of the EEC Transport Commission, said it wanted to see implementation of the city's social regulations over the next three months...

Israeli bank opens

By Hys David, Northern Correspondent... read of overseas banking out of London to Man... gathering pace with ending yesterday of a Bank Hapoalim, one of Israel's big three... The bank has been operating in the U.K. for seven years and has two branches in London...

£1m. plan for Warwick pit

Investment in the £1m. plan for Warwick... The scheme involves driving a tunnel into reserves believed to contain 300m tonnes of coal... Additional coal preparation plant will be built, as well as a rapid coal loader from which the "merry-go-round" trains which serve the power stations can be loaded at a rate of 1,000 tonnes every half hour...

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

SAFETY AND SECURITY

Ceramic defies the petermen

VITRIFIED ceramic material which has a hardness rating comparable with many of the hard synthetics widely used in grinding operations in the machine-tool industry is being applied to safe manufacture by Security Lock and Safe, part of the Mather and Platt group.

The material comes very close to diamond on the Mohs hardness scale and is in fact comparable with corundum.

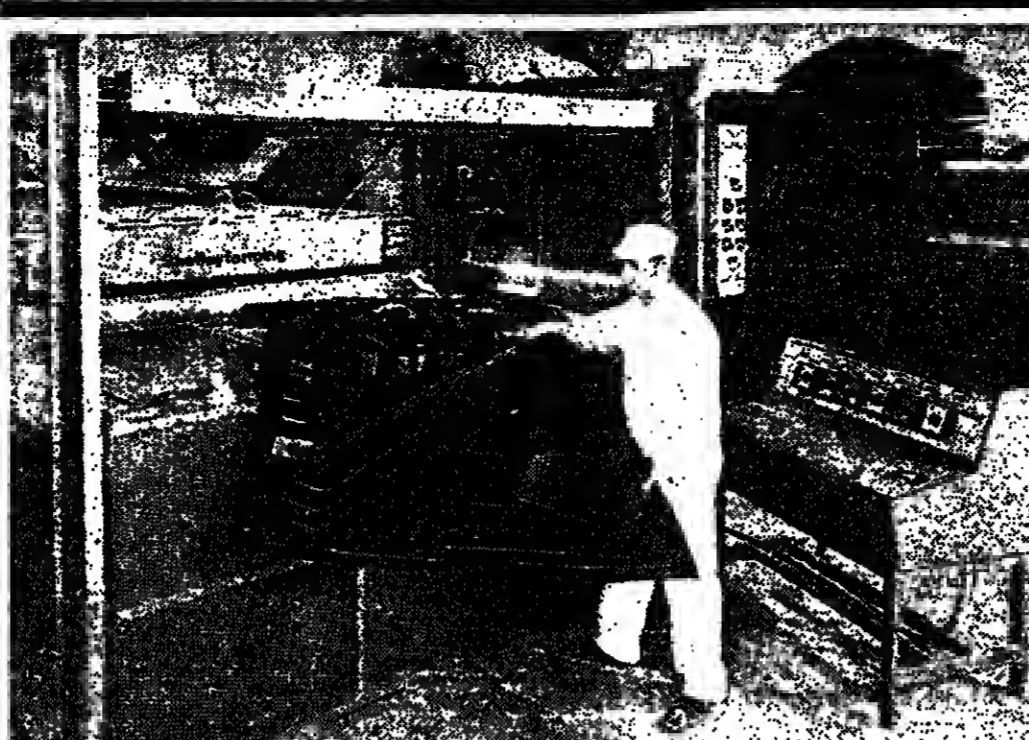
In the Mather and Platt Manchester laboratories, means have been found of encapsulating the vitrified ceramic in metals such as nickel chrome and stainless steel alloys, providing good adhesion between metal and ceramic, and of placing the resulting extremely tough composite exactly where it will do the most good in the safe doors that is over locking points, incorporation can be in any desired thickness of metal.

Claim made by the company is that drill bits used by burglars are highly likely to shatter on contact with the reinforcement and that the safe made according to the new methods provide four to five times better resistance to drill attack than anything that has gone before.

This improvement in safe resistance is measured in terms of the time it takes an operator to penetrate the defences of the safe with a drill. But the company underlines that more than four or five times as many drill bits would have to be used.

SLS agrees that this is not the first time attempts have been made to incorporate hard ceramics in the armour plating of safes, but insists its new method of incorporating the ceramic is unique and promises to be a great commercial success in the UK and the company's export markets.

More from Security Lock and Safe Company on Telford (0952) 586945.



Over 50 components for the Lotus Esprit car are now being produced by this thermoforming machine developed by M. L. Shelley and Partners, of Huntingdon, Cambs. A multiple forming is seen here coming off the machine at the Lotus factory. Many types of thermoplastic materials can be handled by the machine, which will form an area of 78 inches by 46 inches. Because moulds are not subjected to high pressure, they can be

made from wood, aluminium, plaster or epoxy resin and materials of different thicknesses can be used without alteration to machine set-up, apart from heating and cooling times. Single or multiple formings can be produced in cycles ranging from 15 seconds to 10 minutes, according to the nature of the material, its thickness and complexity.

MATERIALS High strength adhesive

A STRUCTURAL bonding adhesive which may have up to three times the strength of existing epoxies, which cure at room temperatures, has been announced by Bostik.

Described as one of the second generation acrylics, it provides a number of advantages. It is supplied in two parts, but the resin and activator do not have to be accurately measured. The adhesive is applied to one surface and the activator to the other. The parts are brought together, and held under slight pressure (say 5 to 20 p.s.i.). Handling strength is reached in three to five minutes and over two-thirds full bond strength is attained in 10 minutes at room temperature.

Bond strength will continue to develop for up to three days, when shear bond strength for steel reaches 3,300 p.s.i. and for coated aluminium 4,050 p.s.i. The adhesive can be used for a variety of materials, including glass, ceramics, wood, plastics, and metals. It will bond these materials to themselves and to each other.

Unlike most adhesives, it will even bond effectively on oily surfaces, such as pressings coated with mill oil. It will also bond materials with different coefficients of expansion, and has

better gap filling properties than, for example, anaerobic adhesives. Bostik claims that there is no other adhesive giving such a combination of high peel, shear and impact strengths. It is generally resistant to water, heat and chemicals, though there is a drop in shear strength of the bond after six months' immersion in water, and prolonged exposure to temperatures over 120 degrees C.

According to the maker, the new adhesive, designated MS90, can replace existing adhesives, such as epoxies, cyanoacrylates and anaerobics, and in some applications can replace mechanical or thermal fastening methods.

At present, it is not planned to produce a domestic or DIY version of the adhesive.

Bostik is at Ulverscroft Road, Leicester LE4 6BW (0533 50015).

Suitable for all hands

A HAND cleanser formulated for use by workers in factories, garages and so on, and about to be put on the market, is claimed to be particularly safe to use because it contains only naturally-based amine soaps and

COMPONENTS Heat pipe cooler

REDUCTIONS IN physical size by a factor of four and in weight by as much as seven times has been achieved, by RCA development teams working on better means of evacuating large amounts of heat from power semiconductor devices handling high currents.

The idea is to bond integral heat pipes directly to the silicon wafers which control the current. The volatile substance in the pipe vaporises, removes large amounts of heat from the cooled surface and transports it to a cooling zone, in this instance the finning around the unit, where it liquefies and is taken back to the working area by capillary through an absorbent wick.

RCA developers say the devices, which have this method of cooling show improved resistance against overloads and high current surges and that users can choose either to reduce the silicon junction temperature for reliability, or operate at full rating at high ambient temperature.

The company calls these "transcendent" devices and is offering 250A, 500W rectifiers with blocking voltages up to 1,200, 400A, 500W thyristors with the same blocking voltages and a 100A, 500W transistor.

All these devices can be supplied with radiator structures that will take air or liquid cooling. Ambient temperatures at full rating can go up to 50°C.

Further from RCA Solid State Europe, Sunbury-on-Thames, Middlesex TW16 7HW. Sunbury-on-Thames 85511.

Relays easy to mount

DESCRIBED BY Siemens as its "new generation" of control relays, the 3TH series is designed for snap-on mounting on standard 35 mm "top-hat" rails within control cabinets.

Marking out, drilling and tapping are obviated, although if desired the components can still be fixed with screws. In addition, the relays have self-lifting terminal clamps which allow the use of different sizes of wire; the clamps ensure a firm connection and reliable current transfer even under conditions of high mechanical stress. These features, together with front access of terminals, provide a reduction in wiring costs of up to 50 per cent.

The relays are available in 4, 8 and 10 pole arrangements with a wide range of operating voltages from 24 to 480 volts, at 50 or 60 Hz. A further convenience is that the operating voltage can easily be changed by simply unscrewing the base and substituting a different coil; the coils are colour coded to IEC 305 to avoid ambiguity. More transfer even under conditions of high mechanical stress. These

ENERGY Sun used to save fuel

THE first hotel in Israel to receive almost its entire hot water supply from solar energy, has now completed 18 months operation of an installation of 80 2.5 square metre solar panels on its roof.

The hotel, the 100-room Neptune, reports that it has been able to cut its purchases of fuel oil for heating water to less than 10 per cent of the quantity used before the solar system was installed.

Five to six hours of sunshine in the winter with an outside temperature of 20 degrees C are still sufficient to enable it to supply 100 litres per person per day without using its electric boiler.

Addition of 10 more solar panels to the existing array will enable it to heat also its swimming pool next winter by which time the saving in fuel oil will have paid for the entire installation.

The supplier of the system, Mironit of Tel Aviv, hopes that other hotels in the area will follow suit. At today's prices, the installation will pay for themselves in three-four years' time, or in less if oil prices continue to rise.

COMPUTING Market view of printers

A PARTICULAR set of predictions—this time about the computer printer market—is provided in a study costing \$295, available from Creative Strategies Incorporated of California.

According to the survey the world market for computer printers shipped by U.S. and Western European makers will grow from \$2bn. (1976) to more than \$5bn. by 1981—a compound annual growth rate of 18 per cent.

Apparently a scramble is now on to develop cheap, quiet and fast machines following the launch of a \$300 unit by SCI Systems. The survey indicates that concentration of printing power will open new markets for low cost, low speed units while developments in electro-photographic technique will overshadow the high speed impact line printer.

Within five years, predicts the study, half of the present high speed impact line printer demand will be satisfied by non-impact types. Furthermore, claims the company, the growth of distributed processing is "bringing printers out of the back room and into the offices." More from 4340 Stevens Creek Blvd, San Jose, CA 95129.

Soon senses the fire

QUICK TO grasp the situation about while burning and should be re-fuelled outside in the open. But to detect the fire early on—particularly at night when time is needed to initiate action—Pyrotec, is offering its new "Smoke Sentinel".

It is an 8 x 5 x 2 inch box easily screwed to the ceiling, which contains an infra-red photoelectric detector, battery and an alarm which should wake the heaviest sleepers by providing 35 dBA at 10 feet.

Any sampling chamber is inspected every eight seconds by the beam; when smoke is present the sampling rate is increased and if smoke is still present after two or three further tests, the alarm is activated. More from Jenkins Hill, Bagshot, Surrey, GU19 5ET (0276 72316).

Sees engine problems

THERE ARE no electrical components in the "OV" engine wacher put on the market by Redington Equipment of Sunbury. Using only gas expansion methods the device will shut down compressors, pumps and engines in the event of overheating or loss of oil pressure.

Pressure and temperature sensors are both bellows-based devices connected by up to 10 feet of armoured capillary tubing to a mechanical latch which will release when dangerous running conditions occur. This can be made to shut down the engine. Visual indicators show whether a temperature or pressure fault has occurred.

The "OV" can be supplied to operate at pressures between 5 and 45 lb/sq in, and at temperatures from 85 and 200 deg. C. More from Sunbury-on-Thames 85500.

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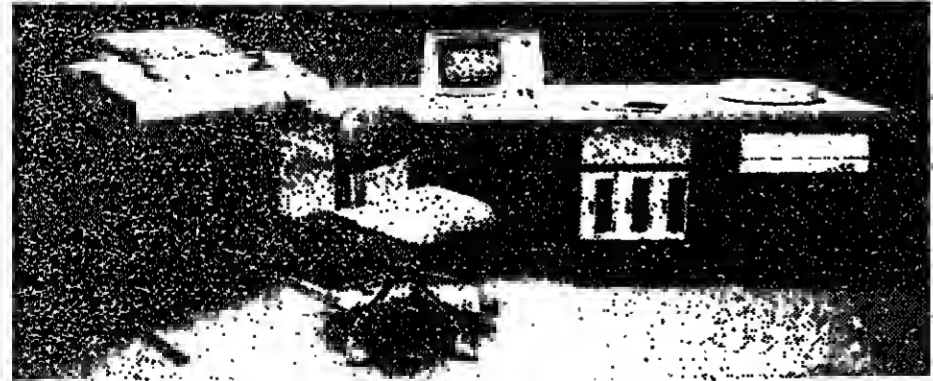
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For 25 years the American small computer specialist has developed equipment suited to all sorts and all sizes of companies.

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Wang Laboratories, Inc. was founded by Dr. An Wang in 1951 in Boston, USA. Since those early days when its products included specialized data

the large computer and mechanical calculator. In 1969 Wang was the first to use magnetic tape cassettes and also first to offer plug in programs.



Wang's range of small computer systems have been steadily evolved. Every item developed by Wang in the USA.

handling equipment, the company has steadily expanded. Today Wang is a world leader in small computer systems.

It was natural that Wang should expand its activities into more powerful calculators, into small computers.

Wang computers carry out day-to-day work faster, more efficiently and more reliably. They are easy to use, and thousands of businesses already rely on them in general management, finance, forecasting, scientific research, and numerous other applications.

Wang has a worldwide field organisation in over 50 countries to provide maintenance, assistance, and user support. Wang is ready for you, chances are you are ready for us.



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Find a need and fill it: Wang's philosophy
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Wang: pioneering the advance of technology
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ELECTRONICS Quick count by weighing

MADE BY Sauter in Germany and available from Scale Servo of Langley is a specialised calculator unit to which one or two electronic balances can be connected to provide rapid count by weighing.

Reference quantities of 10 or 20 components are programmed into the system means of illuminated buttons the front of the calculator. When the start button is pressed balance beams begin to give reference weight of these items of items is interrogated this figure, which is stored in the component, is quant placed on the pan of the balance and the figure displayed is 15 mm high figures. Up to 999,999 can be counted and components can each weigh little as 0.01 gram.

Flexibility of the system, which is available with capacities to 100 kg, makes it suitable for use in industrial stores, print plants and despatch departments. More from 10, Rye Road, Langley, Berks, SL5 (0783 23044).

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LABOUR NEWS

Bank employers call inquiry over representation

By K. GARNETT, LABOUR STAFF

Representation of Bank employers call inquiry over representation. Senior bank officials have made it clear that they would like to see only one staff body and one union...

Branches review. The National Union of Bank Employees gave a warning yesterday to Barclays that it would not agree to redundancies or any compulsory early retirement as a result of the bank branch review...

Free unions link for strikes in newspaper row

By R. LABOUR STAFF

Unions are to have talks of England Newspapers subsidiary. After the meeting Mr. Ken Ashton, the unions' general secretary, said: "We will be holding yesterday to have the National Graphical and the Society of Printers' representatives..."

Shipbuilding unions fear State pay pressure

By CHRISTIAN TYLER, LABOUR EDITOR

SHIPBUILDING unions and some management are suspicious that the Government is belatedly trying to secure a common single-figure pay settlement in the shipyards by putting pressure on British Shipbuilders to supervise negotiations...

Insurance agents go on strike

By Our Labour Staff

INSURANCE agents working for Pearl Assurance have started a series of strikes as part of a Phase Two pay dispute which has dragged on for more than seven months...

Dons' salary scales 'lagging by 35%'

By MICHAEL DIXON, EDUCATION CORRESPONDENT

AS MORE than 5,000 university teachers protested over pay in London yesterday, the Government admitted that, in terms of purchasing power, the dons' salary scales now lag about 35 per cent. behind levels recommended by an arbitration tribunal for 1974...

Communists to pick organiser

MR. BERT Ramelson's successor as industrial organiser of the Communist Party of Great Britain will be chosen in January by the new executive. He is likely to be Mr. Mike Costello, an assistant organiser, and formerly industrial correspondent of the Morning Star...

Hollywood peace

TWO unofficial strikes were settled yesterday at Ford's Hollywood car plant outside Liverpool, after three days of prolonged negotiations. The two disputes over the last two days had cost the company more than 3,000 Escorts worth about £12m. at retail prices...

Whitehall 'backs new jobless projects'

By Alan Pike, Labour Correspondent

MANPOWER Services Commission proposals for running the new programme to assist unemployed young people had the Government's firm approval and support, Mr. Richard O'Brien, commission chairman said yesterday...

Lift engineers' strike official

THE STRIKE by Britain's lift maintenance engineers is official, the men's union said last night. The dispute began in August when the Electrical, Electronic, Telecommunications and Plumbing Union lodged a national claim for £3 an hour for trained fitters—an increase of about 130 per cent...

APPOINTMENTS

Massey-Ferguson (U.K.) managing director change

Mr. H. J. Hedden has been appointed managing director of MASSEY-FERGUSON (UNITED KINGDOM). He succeeds Mr. R. M. Jennings, who is leaving the company to work overseas. Mr. Hedden has been deputy managing director of the U.K. company since February 1976...

Mr. A. H. C. Broadbent has resigned from the Board of OIL EXPLORATION (HOLDINGS). He is a director of A. Henry Schroder Wagg and Co., which continues as financial adviser to the company. On the advice of Schroder Wagg, Oil Exploration has appointed Mr. E. G. Barnard as a senior financial executive...

Three appointments have been made in the Welsh Division of the BRITISH STEEL CORPORATION. From January 1, Mr. Eric Catterill will become general manager, primary operations at Llanwern Works, Newport, and will be succeeded by Dr. Anthony Edwards as general manager, East Moors Works, Cardiff. Mr. Cliff Crellin, works manager, coke and iron at Llanwern, will replace Dr. Edwards as manager, operations at the works...

BANK OF AMERICA has appointed Mr. John E. Adshhead to vice-president and head of the personnel department of its Europe, Middle East and Africa Division in London. He replaces Mr. Richard Southfield, who has been made group vice-president in the San Francisco headquarters.

Mr. Paul B. Tuley has been appointed regional manager in charge of North East regional office of HILL SAMUEL in Leeds. The MERANTILE AND GENERAL REINSURANCE COMPANY has made the following appointments from January 1: Mr. M. B. Brown and Mr. R. B. Sims to be assistant general manager; Mr. J. S. Butler, manager (retaining title of legal officer); Mr. P. E. Crane, an investment manager; and Mr. D. Wrigglesworth, manager.

Mr. D. A. L. Hickson has been appointed chief executive of BURMAH INDUSTRIAL PRODUCTS, a Burmah group subsidiary, with effect from December 1. Mr. Hickson, at present deputy chief executive and finance director, will succeed Mr. J. A. Roberts, who is leaving the group to become managing director of Rubemid.

Miss Felicity Green has been appointed managing director of VIDAL SASSOON LIMITED from December 1 and will be in charge of U.K. and European operations. Miss Green will also join the group Board of Vidal Sassoon Inc. as executive vice-president. She leaves the Board of Mirror Group Newspapers, where she has been publicity director for the last five years.

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Electric pedestrian pallet truck is ideal for moving loads quickly and easily. Stand-on floor trucks transport variety of goods with speed and economy. Typical Lansing electric fork truck - versatile 'work-horse' in stores, workshops, warehouses. Capacities 1 to 4 tonnes. Reach trucks allow narrower aisles, more storage capacity for more cost-effective use of space. High level Order Picker operates in same narrow aisles as turret truck (right). Ultimate in space-saving. Instead of truck turning, turret truck unit rotates.

every merger in the lift truck business has a comprehensive range of lift trucks. Lansing Bagnall/Henley Forklift merger because it brings together complete ranges of powered and electric trucks. (It also is the largest industrial truck organisation in the world.) Lansing now produce one of the world's widest range of lift trucks, covering fork trucks, reach trucks, side loaders, container handlers, electric, lp, gas and diesel trucks; small trucks and big trucks—including the Hermes range, at up to 40 tonnes amongst the world's largest; and special trucks like order-pickers and turret trucks. So you'll find just what you need at Lansing—without having to compromise on size, type or even drive system. Because with the many optional variations to the basic models, the Lansing range is almost limitless. Which means that all you ever need remember is the telephone number of your local Lansing Depot. And Europe's largest truck manufacturer, with nearly six hundred Service Engineers and a nationwide network of leasing, renting and even rebuilding facilities for lift trucks, is at your beck and call. So phone your local number now, and get the full story of how Lansing Limited can help you. No matter what kind of lift truck you need. Or think you need.



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PARLIAMENT and POLITICS

Pym attacks Government's handling of devolution Bills

Foot accused of threats against House of Lords

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE TWO Government motions bringing down the guillotine to curtail debate on the devolution Bills for Scotland and Wales were approved with comfortable majorities in the Commons last night despite the defiance of a handful of Labour backbenchers and the opposition of the Conservatives.

The guillotine on the Scotland Bill received a majority of 26 (313-287). Nine Labour rebels voted with the Tories against the motion while seven of them abstained.

Two Tories defied their party whip and abstained. The Liberals supported the motion, but one of them, Mr. Richard Wainwright (Colne Valley) opposed it.

The guillotine on the Wales Bill was then given a majority of 27 (314-287) with some Labour MPs again opposing it. Mr. Wainwright abstained on this occasion.

The final stages of the debate were enlivened by bitter clashes between Mr. Michael Foot, Leader of the House and Mr. Francis Pym, his Conservative opposite number.

The row started when Mr. Foot unleashed a tirade against the House of Lords and warned that if the Tory majority in the Upper House tried to defeat the devolution proposals, "a very dangerous constitutional position" would arise.

Mr. Pym accused Mr. Foot of trying to dictate to the Lords. But Mr. Foot retorted that the Tory front bench had better be careful how they used their association with the Tory peers.

He warned the Lords against trying to interfere with decisions of the Commons "especially when the measures going through this House are concerned with the democratic rights of the British people as a whole."

At this, Mr. Pym accused him of "positively threatening" the Lords and Mr. Foot replied that everybody would be able to read Labour's proposals for Lords reform at the next election.

He reminded Mr. Pym that the devolution proposals were a commitment in Labour's manifesto and said: "Nothing could be more dangerous than for the Conservative Party to try to invoke again those powers of the Lords to deal with a measure strengthening democratic rights in Scotland and Wales."

Opening the debate on the Scottish motion, Mr. Pym had claimed that the Government was attempting to suppress discussion of the two Bills because it knew that its case was too weak to stand up to examination.

The Government, he said, was acting in such a heavy-handed manner that it seemed to be intent on replacing the old-fashioned guillotine with a more efficient method of Parliamentary execution—the electric chair.

But as usual in these cases, Mr. Foot sought to rebut the Opposition's criticisms by claiming that there were many precedents for the Government's actions. "Any suggestion that the House of Commons is being gagged is an absurdity," he declared.

"If there was no guillotine, it would be tantamount to saying there was no possibility whatever this session of the two Bills being placed on the Statute Book."



MR. MICHAEL FOOT
"Many precedents for action."

But the Leader of the House showed little of his usual flair in a lengthy and rambling speech which served to reflect his own uneasy awareness of the possibility of revolt on his own backbenches.

Mr. Pym observed that Mr. Foot had put a poor and hesitant case and seemed only too aware of the weaknesses of his own arguments.

The debate on the guillotine followed the second reading of the Wales Bill, which was approved by a majority of 31 (295-264) at 2 a.m. yesterday. The Scotland Bill had been given a second reading by a majority of 44 (307-263) on Monday.

In the last session of Parliament the Government's devolution legislation had to be scrapped when an attempt to introduce a guillotine was defeated by 29 votes.

Mr. Foot told the House that it was untrue to say that the Government was being ungenerous in its allotment of time. Taking into account the time given for second reading, a total of 30 days had been allowed.

It was not the impression of MPs that the House was being gagged. There had been a number of cases where the guillotine had been introduced on a Bill before the committee stage.

Mr. Pym pointed out that the Conservatives had used it on the European Communities Bill. He admitted that they had done so only after considerable debate in committee, but reminded the House that it had been a major constitutional measure.

In one sense, it is constitutional Bills for which guillotines are most required, particularly in Parliaments where there is a close margin between the two sides of the House. There is nothing extraordinary or improper about it.

He also said the records showed that for every four guillotines he had voted for, Mr. Pym had voted for five. "He is a greater offender than myself. If I am Saint Juste, then he is Robespierre."

Mr. Foot also attacked a motion on the Order Paper calling for his instant resignation over failure to allow adequate time for debate, put down by Mr. David Price (C. Eastleigh). This was "organised hypocrisy", he said.

There was scornful laughter when Mr. Foot went on to argue that it was essential for the unity of the U.K. that the Scotland and Wales Bills should get on to the Statute Book.

From the Opposition front bench, Mr. Pym declared: "Today we see for the first time what amounts to a new instrument of Parliamentary debate. I can find no case where a constitutional measure involving major reform was guillotined immediately after second reading and before committee."

"I accuse the Government of abusing its special position and special responsibility in relation to Parliament and failing to consider the effect of its actions. The Government is seeking to elevate the power of the House of Commons majority into an unauthorised licence to over-ride everyone else. We know that deep doubts exist on this Bills. This House does not in its heart believe in these Bills."



MR. FRANCIS PYM
"Heavy-handed approach."

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He urged Mr. Foot to revive the alliance and by so doing preserve the nation from the folly of the Government's devolution legislation.

Blending support for the Government's motions on behalf of the Scottish Nationalists, Mr. George Reid (Clackmannan and East Stirling) said the issue was simply "No guillotine—no Bill."

As far as the SNP was concerned, the present Bill was "simply the start of the return of decision-making to the people of Scotland."

Mr. Reid added: "Though we vote for the guillotine to-night we do not regard the Bill as setting up more than a half way house to a changed situation north of the border."

A leading Labour opponent of devolution, Mr. Eric Moonman (Basilston) accused Mr. Foot of failing to protect the interests of Labour MPs who had the gravest doubts about the legislation.

The guillotine was a straight-jacket which would make it impossible to explore some of the complications. "When is the English point of view to be brought in?" he asked.

Confidence grows among supporters of PR voting

BY RUPERT CORNWELL, LOBBY STAFF

MPs IN FAVOUR of proportional representation are increasingly confident that they can secure a really impressive show of support for their bid to replace the first-past-the-post system in the new devolved assemblies.

An all-party group, led by Mr. John Mackintosh, Labour MP for Berwick and East Lothian, last night formally tabled identical amendments to the Scotland Bill and the Wales Bill calling for elections by the additional member system of PR employed in West Germany.

Their hopes were given a considerable fillip by the resounding success of the guillotine motion last night, making it virtually certain that the legislation will reach the Statute Book and ensuring that the method of election is considered on its merits and debated at a reasonable hour.

At the start of this year a largely similar PR amendment was defeated in the first ill-fated Edinburgh assembly, 100 would be decided on a first-past-the-post basis. Fifty additional members would bring party representation into line with the proportional votes won. For the 75-seat Ca assembly, the split would be to 25.

The Liberals, who id would like to see the 61 re-arrangeable seats and adopted, have thrown behind the additional member system in the interest of united front.

The all-party group envisaged last night that its proposal did not imply a commitment for PR for elections to Westminster itself.

But in Scotland, especially traditional simple majority technique was "wholly inappropriate" since five or six seats operated there, and which of the Labour, Tory, or SNP members secured a tiny edge voting could see that formed into an unassailable majority in the assembly.

Conventional wisdom at Westminster dictates that the bulk of MPs want to keep the traditional simple majority method for all circumstances. But with a free vote expected for both major parties, PR's most optimistic advocates go so far as to suggest that victory is an outside possibility.

The new amendments provide for the same number of seats as proposed in the Government's Bills.

Of the 150 seats in the Edinburgh assembly, 100 would be decided on a first-past-the-post basis. Fifty additional members would bring party representation into line with the proportional votes won. For the 75-seat Ca assembly, the split would be to 25.

The Government is about to issue new cost-control regulations covering major public spending projects, like the portmouthe programme for the Anglo-French Concorde supersonic airliner.

This was disclosed by the Treasury yesterday following the autumn's attack by the powerful Commons Public Accounts Committee on the cost of Concorde development, which was coupled with a recommendation that no more aircraft be built.

The report of the PAC had attributed much of the blame for the huge cost increases in Whitehall, accusing major spending departments of failing to keep proper control of expenditure in the early stages.

In its reply, the Treasury acknowledged that normal cost controls should apply from the inception of any substantial project "until commercial disciplines or specific contractual incentives are effectively controlling costs or the risk of loss has passed from the Government."

The document stated: "More comprehensive guidance covering production contracts, in line with the Public Accounts Committee's recommendations, will be issued shortly."

The MPs had also demanded that all future joint projects between Governments should be negotiated on the basis of shared costs should be set for identifiable areas and while provision should be made for relative costs and exchange rates regularly assessed.

Last night's reply indicated this argument has been accepted by Whitehall. But the Treasury is plainly sceptical whether it can be agreed in advance.

Treasury acts on criticism of Concorde development cost

BY RUPERT CORNWELL, LOBBY STAFF

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NEB cash discipline agreed

THE NATIONAL Enterprise and Rolls-Royce—both of which Board should be subject to proper financial discipline and support—where "appropriate" rates of return are particularly hard to determine.

In the case of Leyland, the Government, it says, has always accepted the recommendation of the Ryder Report that continued backing for the company should depend on "sustained progress towards the goal of international competitiveness."

However, many activities of Leyland would only be enabled to become fully competitive if difficulties thrown-up by Leyland to become fully competitive.

be decided on a first-past-the-post basis. Fifty additional members would bring party representation into line with the proportional votes won. For the 75-seat Ca assembly, the split would be to 25.

The Liberals, who id would like to see the 61 re-arrangeable seats and adopted, have thrown behind the additional member system in the interest of united front.

The all-party group envisaged last night that its proposal did not imply a commitment for PR for elections to Westminster itself.

But in Scotland, especially traditional simple majority technique was "wholly inappropriate" since five or six seats operated there, and which of the Labour, Tory, or SNP members secured a tiny edge voting could see that formed into an unassailable majority in the assembly.

Conventional wisdom at Westminster dictates that the bulk of MPs want to keep the traditional simple majority method for all circumstances. But with a free vote expected for both major parties, PR's most optimistic advocates go so far as to suggest that victory is an outside possibility.

The new amendments provide for the same number of seats as proposed in the Government's Bills.

Of the 150 seats in the Edinburgh assembly, 100 would be decided on a first-past-the-post basis. Fifty additional members would bring party representation into line with the proportional votes won. For the 75-seat Ca assembly, the split would be to 25.

Labour rebel predicts clamour for Scottish independence

BY IVOR OWEN, PARLIAMENTARY STAFF

LABOUR'S backbench rebellion against the Government's devolution proposals centred on Mr. George Cunningham, a Scot representing Islington South and Finsbury, who argued forcefully for rejection of the guillotine motion.

In an attempt to win over wavering in the Labour ranks, openly sympathetic to the rebel case but fearful of the political consequences, he insisted that there was no question of the Government falling.

Mr. Cunningham confidently asserted that even if the Government were to be denied the guillotine and the Scotland and Wales Bills along with it, the Prime Minister would not be "at Buckingham Palace tomorrow morning heading in his resignation."

He warned his Labour colleagues that abstentions would not be enough. Something like ten votes were needed "to kill this thing now."

Concentrating on the pitfalls inherent in the Government's proposals for establishing an assembly in Edinburgh, Mr. Cunningham argued that with such a body in existence it would be impossible to justify

the retention of 71 Scots MPs at Westminster.

It would not be long, he said, before the 45m. people of England realised that the views of a majority of English MPs in the House of Commons could be overturned by a minority able to enlist the support of Scottish and Welsh MPs whose responsibilities at Westminster were no longer on the same level.

Mr. Cunningham was adamant that this problem was insoluble and predicted that when the full implications were realised there would be demands for a federal system and a greater clamour for independence for Scotland.

This, he suggested, explained why the Scottish Nationalists were ready to support the Government.

Contrary to the claims made by Ministers, Mr. Cunningham felt sure that the failure to pass the devolution Bills would not create a new wave of enthusiasm for Scottish independence.

He was supported in this view by Mr. Tam Daterel (Lab. West Lothian) who stated that when the Government had lost the guillotine motion in the last Parliamentary session and was unable to proceed with the

Scotland and Wales Bill, there had been little public outcry.

"In the following three months, I received more letters about canary seed than about devolution," he said.

Mr. David Steel, Liberal leader, said that those Labour MPs who thought that the Government's devolution proposals would not work should have voted against the legislation on second reading.

It would be indefensible, having voted for the general principle of the legislation, for then now to oppose the guillotine, which was an essential requirement if the Bills were to be enacted.

Mr. Steel explained how the Liberals felt able to support the guillotine on this occasion having voted against it in the last Parliamentary session.

There were now separate Bills for Scotland and Wales and other points made by the Liberals in the discussions on devolution had been taken into account.

Mr. Enoch Powell (UJU, Down Lothian) recalled how his liaison with Mr. Michael Foot in 1968 had resulted in the Wilson Government losing its legislation to reform the House of Lords.

He urged Mr. Foot to revive the alliance and by so doing preserve the nation from the folly of the Government's devolution legislation.

Blending support for the Government's motions on behalf of the Scottish Nationalists, Mr. George Reid (Clackmannan and East Stirling) said the issue was simply "No guillotine—no Bill."

As far as the SNP was concerned, the present Bill was "simply the start of the return of decision-making to the people of Scotland."

Mr. Reid added: "Though we vote for the guillotine to-night we do not regard the Bill as setting up more than a half way house to a changed situation north of the border."

A leading Labour opponent of devolution, Mr. Eric Moonman (Basilston) accused Mr. Foot of failing to protect the interests of Labour MPs who had the gravest doubts about the legislation.

The guillotine was a straight-jacket which would make it impossible to explore some of the complications. "When is the English point of view to be brought in?" he asked.

November, 1977

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The Marketing Scene

Woolies wins the Cup

By Michael Thompson-Noel

It is not a World Cup more, but anyone who has seen the presentation of the £250,000 Woolies trophy at Woodhouse's advertising agency is still hoping to win it. The trophy is a symbol of success in the advertising industry, and it is a testament to the success of Woolies in the advertising market.

Woolies' success is due to its innovative advertising campaigns and its ability to connect with consumers. The company's advertising budget is one of the largest in the industry, and it has spent heavily on television and print advertising.

Woolies' success is also due to its focus on quality and customer service. The company has a reputation for being a reliable and professional partner for its clients.

Woolies' success is a testament to the power of advertising in the marketplace. It shows that a well-planned and executed advertising campaign can make a significant difference in a company's success.

Two ways to widen the book market

By Philip Kleinman

EARLIER THIS week, 300 helium-filled balloons were launched from London's South Bank. Attached to each was a card inviting the finder to post it in return for which he or she would receive a book signed by its author. A variety of books were offered in this way, having but one thing in common — all are featured in the first issue of a new quarterly publication called The Good Book Guide.

The Guide, first copies of which are already available, has been devised by two friends, Peter Braithwaite, formerly a management consultant with Kinsey, and Big Taylor, an American who used to work for Longman, the publishers. Both got bored with what they were doing, and they hit upon their new scheme one day while having lunch together. Braithwaite and his wife Patricia have staked all their personal assets on its success.

The scheme involves considerably more than publishing a quarterly. Braithwaite and Taylor are setting up, in fact, a mail order bookshop and are investing in stocks of all books recommended in the Guide. This consists of about 260 ported reviews per issue of what the editors consider to be the best non-fiction books, hardback and paperback, published in Britain each quarter.

The reviews are all by independent experts. There are no subsidies from publishers, and the Guide, handsomely produced and illustrated, carries no advertising. Not surprisingly, therefore, its price is high — £1 a copy or £5.50 for an annual subscription. Will anyone want it at that price? Braithwaite thinks they will, especially overseas, where it is not so easy for book-buying individuals or institutions to know what to order from Britain.

Advertising: the hit and miss factor

BY MICHAEL THOMPSON-NOEL

THERE HAS been a considerable amount of discussion and writing of late about the effectiveness of advertising. The discussion is not new, but it is becoming more and more relevant as companies face increasing competition and tighter budgets.

One of the main issues is how to measure the effectiveness of advertising. There are many different ways to do this, but each has its own strengths and weaknesses. Some of the most common methods include tracking sales, measuring brand awareness, and conducting surveys.

Another issue is how to allocate advertising budgets. Companies need to be able to identify the most effective advertising channels and to allocate their budgets accordingly. This is a complex task, but it is essential for success in the marketplace.

Perhaps the most important issue is how to ensure that advertising is seen by the right people. This is a challenge that all advertisers face, and it is one that requires creative solutions. Companies need to be able to identify their target audience and to reach them in a way that is both effective and efficient.

Overall, the advertising industry is facing a number of challenges, but it is also full of opportunity. Companies that are able to overcome these challenges and to create effective advertising campaigns will be the ones that succeed in the marketplace.

Three particular difficulties were mentioned. First, not only is it difficult to isolate the effects of advertising from other factors in the marketing mix but it is also difficult to separate the effects of the content and quality of an advertisement from the expenditure on it.

Second, it is very difficult to measure the full effects of any short-term alteration in the advertising budget because the influence of advertising tends to have a variable time path. This is a particular problem to those companies with a long history of advertising who may still enjoy a considerable impetus from past campaigns.

Finally, it was suggested that the economic climate, which clearly affects consumers' expenditure on particular goods, has changed so much over recent years that using historical trends in a statistical analysis of the present may be misleading.

However, one large company felt it had derived some benefit from a formal statistical approach. Over a number of years it had built up a relevant data bank and was examining various marketing models in order to acquire experience of computer simulation.

About half the companies interviewed used test market areas from time to time to help appraise the value of their advertisement spend on established products. Some found them of considerable value, others thought them of no more than marginal use.

Four broad problems of practical application were mentioned in particular. First, it was difficult for many companies to evaluate the effects of advertising. At the moment this is, however, admitted to be a fairly imprecise science, and few companies feel very confident in being able accurately to measure the effects of advertising. What is more, the various methods of evaluation tend to be expensive. Companies still have to rely to a large extent on a 'feel' for the situation.

The author says he doubts that there is likely to be any breakthrough in research techniques sufficiently major to overcome the problems involved in trying to quantify the effects of advertising and that the use of test areas seems the most fruitful approach at present, even though, by their very nature, they will not produce any particularly fine precision in determining the correct level for a company's national advertising budget.

The setting of those budgets, says Mr. Rees, will inevitably continue to rest on qualitative judgement, with its inevitable element of hit-and-miss.

Advertising Budgeting and Appraisal in Practice, R. D. Rees, Advertising Association, £3.75.

Awards: Rank gives thanks Mansion shines

BY JOHN SIMMONS

STRIP AWAY the false tinsel of the film industry and you will find the real tinsel. Rank Advertising presented an enjoyable awards show of real tinsel in London last week to an audience of agencies and advertisers, and the star of the show was the commercial with some warm, old-fashioned show-biz aplomb. In turn the advertising industry acknowledged the enterprise and enthusiasm of managing director Douglas Thomas with the presence of 500 influential businessmen.

While cinema attendances are not what they could be, cinema still offers a useful advertising medium, particularly when your product is pitched to the 15-25 age group which will make up 127 million of the population of 100m-plus U.K. admissions estimated for 1977, with the 25-34 group representing another 20 per cent.

David Lamb of Rowntree Mackintosh and Cedric Scroggs of British Leyland. The Irish agency Arks appropriately won the alcoholic drinks category with Guinness Island, and Cadbury Schweppes won in soft drinks with Bob Brooks' Pepsi Luncheonette, the commercial that has leamed its star Peter Blake into the title role in the new Elvis stage musical, and the latest drink/drive film advertised production skills perhaps a little stronger than the shock message but nevertheless won a gold for the Wasey agency, this time beating its rival mini-feature, the Saatchi X-certified contraceptive commercial that won the category gold in Canoes.

With the hoist of Star Wars and other excellent movies, there may even be some audience improvement, although that depends on how the feature film distributors advertise their products. There is little doubt that the audience's response that

FIRST YOU saw it. Then it stopped. Now the £300,000 advertising campaign for Reckitt and Colman's new aerosol furniture polish, Mansion Choice, is picking up a shine again after a five-week hiatus caused by what Reckitt itself, declining to shield its light under a bushel, describes as the staggering response to the brand's launch in June.

Less than two months after the launch, says Reckitt, the response both from consumers and retailers was so strong that it stopped all advertising for a while. Now, with extra machinery installed to cope with demand, the promotional campaign—including £770,000 on TV and £400,000 below the line—is again in full swing.

Which is nice for Reckitt, for the muscle it has put behind Mansion Choice, says the company, amounts to its biggest consumer launch ever.

Reckitt says it spent three years and £250,000 on research and development to produce precisely what the housewives wanted. Although the aerosol

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ANGLIA	£176
LONDON	£175
SOUTHERN	£174
SCOTLAND	£160
WALES, WEST & WESTWARD	£159
TYNE TEES	£158
YORKSHIRE	£153
MIDLANDS	£150
LANCASHIRE	£136
G.B. TOTAL	£160

Source: NIELSEN

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Anglia Television Ltd, Brook House, Park Lane, London W1Y 4DX. Tel: 01-405 2288. *Source: I.C.A.

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Thursday November 17 1977

New broom at Leyland

ONE OF the chronic weaknesses of British Leyland since its formation in 1968 has been the uneasy relationship between headquarters and the divisions. It has proved extraordinarily difficult to find the right balance between centralisation and decentralisation; the resulting confusion has led to inter-divisional friction between the divisions, lack of clear leadership from the centre and a general absence of discipline and direction throughout the company.

Board membership
The changes announced yesterday by Mr. Michael Edwards, the new chairman, represent another attempt to solve this dilemma. Most of the changes affect the composition of the Board and the creation of new central committees responsible for strategy, investment and management resources.

Viability
There can be no guarantee that it will be. The ability and experience of the new chief executive, together with the arrangements announced yesterday, suggest that there will be stronger leadership from the centre. But a great deal now depends on the realism with which the new management appraises Leyland's future. The overwhelming need is to restore the company to financial viability; that must take precedence over any ambitious plans for dramatically increasing Leyland's market share in the U.K. or overseas.

No sudden spurt in earnings

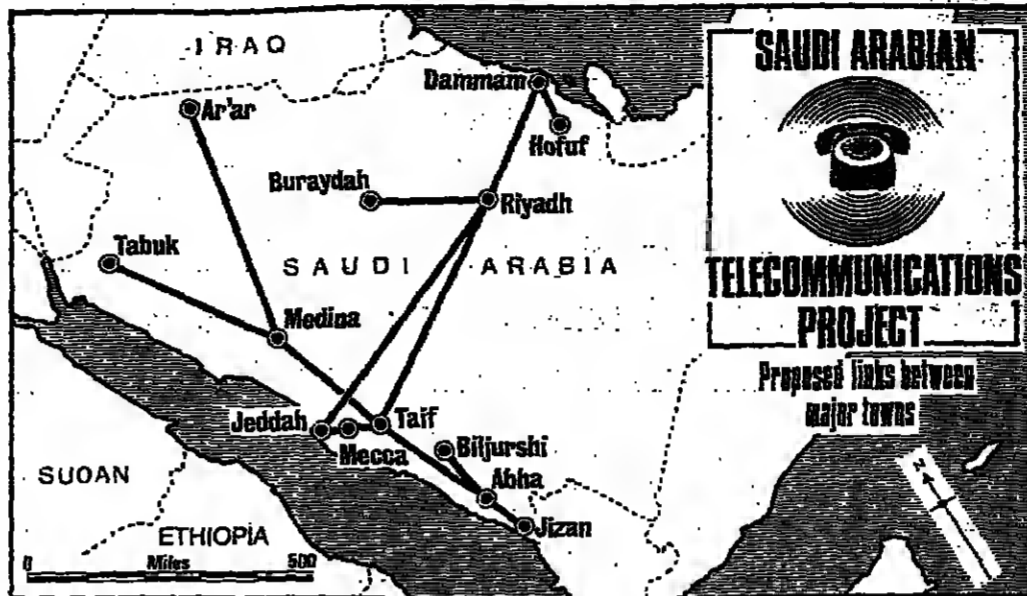
THE MONTHLY index of average earnings has not only covered all production but relatively few service industries. The speed with which it is produced and published - about six weeks, subject to revision, after the event - has been adequate compensation for the incompleteness of its coverage. Although the existing index appears to be a reasonably good guide to the movement of earnings in the economy as a whole over periods of a year or more, it is probably less accurate over shorter periods because of differences in the seasonal pattern of wage settlements between industry and another.

Pay guidelines
This calculation neatly summarises three separate weaknesses in the methods by which Ministers have sought to control the return to free collective bargaining. First, the official guideline was an average increase of 6 per cent. to wages, equivalent to one of 10 per cent. in earnings; because very little has been said about the 6 per cent., however, 10 per cent. has tended to become and be accepted as the official guideline for wages.

Settlements
So far as the latest month is concerned, in fact, the two indices point in much the same direction. In both cases, the percentage increase in earnings over the same month of last year, after falling steadily until August, turned up again in September. There is no justification, however, for assuming that this movement is due to the end of Phase Two and the lifting of rigid wage settlement guidelines: several more months will need to pass before

THE SAUDI TELEPHONE CONTRACT

How Philips first got a wrong number



THE GIANTS of the world's telecommunications industry are taking up positions for a crucial round in the struggle for domination of a new generation of computer-controlled equipment. The contest is to be fought out in the dusty deserts of Saudi Arabia, where an enormous contract for a complete telephone system is at stake. At about £1.5bn, it is the largest contract ever offered in the developing world; but because of the uncertainties and difficulties of working in those vast sands, the enterprise also carries a huge commercial risk.

But the major companies now have no choice but to compete for every scrap of business available in the world. This is so because they have become victims of their own technical progress in harnessing computers to control telephone exchanges. The new generation of stored program control (SPC) exchanges is far simpler to make than the older electro-mechanical switching. Philips, for example, estimates that the direct labour required to produce its modern computerised exchanges is only about a quarter of what was needed for the older products. As electronic components become ever more sophisticated, the factories making exchanges will need still fewer people. The new systems are also much more flexible and much simpler to maintain than those they replace.

The contraction of labour in this industry has serious implications for all developed countries, because telecommunications represents one of the largest of all national investments. The British Post Office, for example, is spending £1bn. a year on telecommunications equipment.

Because home markets are largely protected, the big manufacturing companies, all with surplus capacity, have to scramble for the few available export markets. Of these the most important are the countries which are buying new computerised equipment. Each company is anxious to establish its own SPC system in the world's networks.

One reason is that, while computer-controlled exchanges are relatively easy to make, they are extraordinarily difficult to program; almost all first attempts to snipe the programming problems have fun into trouble. Therefore companies which can demonstrate a reliable working system will have a great advantage in the future. They are also likely to get follow-on contracts in the countries where they first become established.

In recent months the battle honours have been quite widely distributed. Swedish Ericsson was selected for a £320m. contract in Australia against ITT.

But ITT won a £270m. deal in Korea. In Iran, the U.S. General Telephone and Electric slipped in between Nippon Electric and Siemens as the main supplier. In Kuwait, Ericsson won against Hitachi. In Nigeria ITT have taken over from Canadian Northern Telecom, which walked out of its original commitment.

It is because of this background of technological revolution and tightly squeezed domestic markets that the stakes in Saudi Arabia are, to the industry's executives, frighteningly high.

The story begins with an opportunity lost. Philips, the Dutch group, was already established as a sub-contractor to the Saudi Government with a small toehold £2.3m. contract for a cable system, which it won in 1973. This gave it the chance of the most extraordinary lucky break.

What followed is still disputed. It appears that Philips's agent in Saudi Arabia, Mohammed bin Fahd, the son of the Crown Prince, told his employers that there was a vast multi-billion dollar contract coming up to extend the existing 200,000-line telephone network to one of about 650,000 lines by 1980. Philips began pressing hard.

On May 14, 1976, the Financial Times broke the news that Philips, as the leader of an international consortium, had been asked to tender for the deal. The consortium was understood to include SIRT, Philipp Holzmann of West Germany and Continental of the U.S.

Confusion starts here. The industry and Saudi sources suggest that Philips, as consortium leader, overbid badly. The company's bid was said to be around SR240m. (£3.72bn.); whereas the Saudi consultants

estimate was about SR4bn. (£9.62bn.). The discrepancy was enormous, especially at a time when Saudi Arabia had launched a campaign against inflated bids by Western companies.

Philips denies that any formal bid was made. Mr. Piet van Doorn, director of Philips Telecommunications, said: "We were invited to make a feasibility study which would possibly have led to a tender. About half of the order would have had to be sub-contracted. Because of the short time available, he said, some of the sub-contractors' prices were considered to be rather high. "When we put it all together, we had a price which we ourselves considered was too high, so we did not quote."

One of the problems, he added, was that the original specifications since revised, was unnecessarily high. But he maintains that the purely Philips part of the original tender was "realistic."

Certainly, as soon as the contract was put out, it was realised that its size and the risks involved were so large that consortia would have to be formed.

In early March of this year, the contract was put out to limited tender among a select group of leading telecommunications companies, including the erstwhile Philips. Among others asked to compete were ITT and AT and T of the U.S.; Siemens of West Germany; NEC, Hitachi and Mitsubishi of Japan and Thomson CSF of France.

The contract was broken down into three sections: for exchanges and equipment for towns; for the rural areas; and for operation and maintenance. Three consortia have emerged as serious challengers. First, Philips has bounced back in harness with Ericsson of Sweden and Bell of Canada. It is perhaps the most interesting of the group because it is the most international and it is the most competitive in price. It notices Philips and Eric-



Table with 2 columns: THE TOP NINE (in \$ billions) and THEIR TELECOMS SALES. Lists companies like Western Electric, L.T.T., Siemens, etc. with sales figures.

THEIR TOTAL SALES: L.T.T. 11.7, Philips 11.5, Siemens 6.9, Western Electric 6.8, Compagnie Generale d'Electricite 3.3, Nippon Electric 1.9, Ericsson 1.7, Northern Telecom 1.1

For Western, the Saudi deal represents a chance to break out in a big way from the domestic market which it has had very largely to itself. For 50 years, it has been instrumental in saturating America with telephones; the country now has 95 phones per 100 households. But the rate of increase is now down to 4 per cent. a year, and Western is now running at under 70 per cent. capacity, even after slimming its workforce down from 207,000 to 151,000 over the last three years. Western must go east, or contract.

It has already had some success, signing a £220m. contract for the Saudis earlier this year for a microwave system, against strong competition. This was its first major overseas deal for 50 years, and it was in the right place. "Cable and Wireless, which stands to have an \$30m. odd in the contract, will supply a great deal of know-how. It is old in the ways of the Middle East, acting as a main supplier in Bahrain and the United Arab Emirates. It has an office in Saudi Arabia, but has not been responsible for any major works.

MEN AND MATTERS

But for you Mr. Sadat... Jerusalem is suddenly all of a tizzy at the thought of the pending visit of Egypt's President Sadat. The Egyptian leader has still to reply to the official invitation, but businessmen, those with an eye for free publicity, and genuine seekers after peace, are all busy trying to get on to the act.

Jerusalem's traditional flag-maker, Yitzhak Berman, has not yet received an order for copies of the Egyptian standard, but he is already working overtime sewing red-white-and-black flags in anticipation of the visit. "If Sadat comes and the Foreign Ministry orders the flag, well and good," Berman says. "If not, nothing will be lost, because they will be snapped up by collectors."

Mr. Berman, a long-time supporter of the Right-wing ruling party Herut, said he could produce 1,000 flags within a week - and at a considerable discount - anything to help Meoshem Bevan bring peace.

Abie Nathan, Israel's "peace pilot," has offered to bring President Sadat to Israel on his peace ship. Nathan says he is the logical choice - being the first Israeli to sail through the Suez Canal - which he did as a peace gesture in January this year.

Less threadbars? James Callaghan, resplendent in his special "JC suit," yesterday had some good news for self-made £30,000-a-year tycoon Alf Gooding, who complained at the CBI conference this week that his suit was costing him £10,000 due to tax. The Prime Minister said at a Press conference in Derby that he had made a special inquiry into the case of the gentleman who said it so difficult to buy his suit. "I discovered that Gooding would pay £252 less in tax this year than last year. At £80 a time, he will be able to buy quite a lot of suits with that," Callaghan remarked, and thanks to the changes in taxation everyone else would be better off, too.

The Prime Minister got his own suit from Allied Textiles of Huddersfield. It has tiny JC initials woven to form stripes, and so pleased him that he sent a holt of the same cloth to his suit. "I am happy to say the firm is now doing a good export business," he says. His suit "didn't cost £10,000," but Mr. Callaghan is not revealing just how much he paid.

Land leader Thousands of slow-speaking men, working away to wind-swept fields and muddy farmyards, are making up their minds how to vote in an election that could have repercussions throughout rural Britain. The National Union of Agricultural and Allied Workers is about to elect a new general secretary to replace Reg Buttini, retiring after eight years in the job. Nominations from 3,000

branches are now being counted and ballot forms will go out to a fortnight's time. Four leading candidates have emerged, two of them assertively militant. One is Jack Biddy from Norfolk; he has the backing of Joan Maynard, the union's only sponsored MP and known to Westminster as a keen Left-winger. The other is Arthur Leary, a headquarters official who switched to the NUAAW five years ago after losing his job as a paid organiser to the Vehicle Builders' Union, which was swallowed up by Jack Jones's Transport and General Workers' Union. The two moderate contenders are also full-time officials - Ross Pierson and Jim Watts. Buttini is going after 33 years in the union, which he joined while doing drainage work as a wartime conscientious objector. His successor will have to grapple with deep-seated financial woes and the problems of activating a membership largely scattered in twos and threes across the country. The agricultural workers have never had a national strike since 1923. To-



"It probably suggests the tape recording of all after-dinner speeches!"

day, their real strength lies in industrial farming, such as chicken processing factories, which supply almost a third of the 75,000 membership. Despite being 60, Leary is thought most likely to come through as the farmworkers' new leader. If so, he is sure to resist to the last the fate that befell him in his former union - absorption by the "T and G" giant to which Scottish agricultural unionists already belong. Leary has learnt a lot since his first came over from the car industry and tried in vain to organise tight picket lines at a Yorkshire pigery strike. He strikers told him at once that some of them would have to cross the lines every day. "We can't let the pigs go hungry," they explained.

Masterpiece plea Cultural organisations in Britain are receiving impassioned appeals from India to help "Save the Taj Mahal." The Indian Government is building a massive oil refinery at Mathura, only 20 miles from the great monument the Emperor Shah Jehan built for his queen and himself 350 years ago. Fears are that the sulphur dioxide emissions from the refinery will be absorbed by rain-clouds and descend as sulphuric acid upon the white marble of the Taj. Indian architectural societies are trying to create an international action committee.

The leader of attempts to halt the building of the refinery is Laxminarayan P. Srivatsi of Bangalore, Bangalore. So far, all appeals have fallen on deaf ears in Delhi. And bear it The latest brandname from the Wagner Cattlefeed Company of Iowa is Low'n'Grin. Observer

MAKE IT IN LIVINGSTON NORVILLE OPTICAL DO LIVINGSTON, SCOTLAND Contact George McPherson, Industrial Development Manager, Livingston Development Corporation, West Lothian. Telephone: National: 0589-31177. London: 01-930-2631. International: 44-509-31177.

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FINANCIAL TIMES SURVEY

Thursday November 17 1977

OMAN

هكنا من الأهل

After only ten years of oil production, Oman is facing declining output from existing reserves and few alternative sources of revenue. However it has established a sturdy infrastructure and Sultan Qaboos is firmly in control.

When practical decisions are imposed on an almost legendary fortune. Money also enabled the Sultan's Armed Forces, helped in large measure by Britain, Iran and Jordan, to defeat the insurgency of the Popular Front for the Liberation of Oman (PFLO) in Dhofar by the end of 1975. Symbolically, tomorrow's National Day, the seventh since Sultan Qaboos took over, is being held in the Dhofari capital Salalah.

But his caution caused frustrations that left the country exposed to the revolution which swept away traditional rulers in the poorer Arabian states and was already nibbling at Oman, especially in the southern province of Dhofar. The arrival of oil made the pressure for change even greater, but Sultan Said would not change his habits and he was deposed in favour of his son in July 1970.

Revenues

The gradually rising oil revenues—amounting to about \$140m. in 1971 and \$178m. in 1973—enabled the Sultan to bring the country into the 20th century. Where there were only three schools in the whole country before, more than 200 have now been built; hospitals and village clinics spread, bringing rapid improvement in standards of public health; tarmac and graded roads opened up the interior; and towns began to get electric light for the first time.

Development produced political dividends and attracted back to Oman thousands of talented Omanis who had gone—usually illegally—abroad to seek their

wealth. Money also enabled the Sultan's Armed Forces, helped in large measure by Britain, Iran and Jordan, to defeat the insurgency of the Popular Front for the Liberation of Oman (PFLO) in Dhofar by the end of 1975. Symbolically, tomorrow's National Day, the seventh since Sultan Qaboos took over, is being held in the Dhofari capital Salalah.

The accelerating pace of spending culminated in an explosion in 1974 when the OPEC price rise more than quadrupled Oman's revenue. In that year expenditure exceeded oil income by about 25 per cent, and inevitably, as in every oil exporting country, money found its way into the wrong pockets on a large scale. In Oman's case spending was constrained by sheer shortage of funds, as opposed to the difficulty of absorbing them, and when spending curbs were imposed—in early 1975—there was a dramatic reassessment which led to the creation of new government institutions to control expenditure and development policy. Since then there has been a more hard-headed approach to the economy, epitomised in the 1976-80 Development Plan, published last autumn, which clearly spells out the projected decline in oil revenue.

Oman faces a future with less oil revenue equipped with an infrastructure virtually complete, and working well, but

naturally wants to live up to the club's rather expensive standards. The most obvious burden is defence: Oman occupies the southern entrance to the Gulf and a long stretch of Indian Ocean coast. Its forces are battle trained and eager to fulfil their commitment. The war in Dhofar inoculated Oman to high defence expenditure—it covers the police, and still comes to just under half the total budget—and this naturally leaves less money for welfare spending and improvements in the standard of living, especially as a great proportion of defence expenditure leaves Oman in payment for imports and remitted salaries.

But nothing in the foreseeable future will match oil as a revenue earner (the government's income from oil reached R0455m.—\$1.3bn. last year). Unlike North Yemen, which has no oil, there is no surplus population to go abroad and remit foreign exchange. What's more, the government is beginning to realise that there is more to creating a modern state than laying down roads and cables. With an education system that only really began in 1970 there are barely enough entrants for technical training colleges, let alone trained Omanis to look after the installations the country now has. Perhaps half the civil service is unable to read and write. Oman's accomplishments since 1970—especially the development of ministries which actually function as ministries—are staggering, but there is dauntingly still far to go.

Wealth, though relatively modest, has put Oman into the rich man's club of the Arabian oil producing States and it

Further improvements in the standard of living may be hard to make anyway, since few major welfare gaps remain to be filled. Officials do not conceal their concern that the Sultan may no longer be able to offer his subjects continually rising expectations. It would be surprising if this did not lead to some frustration and discontent, especially if richer Omanis continue to get richer while the poor remain about the same. A key question is what safety valve exists for such feelings: only the vestigial PFLO proposes more democratic Government, and Oman has long been accustomed to far less contact between ruler and

BASIC STATISTICS	
Area	82,000 sq. miles
Population (1974)	750,000
GNP (1974)	\$1.25bn.
Per capita (1974)	\$1,660
Trade (1976)	
Imports	\$4.74bn.
Exports	\$10.56bn.
Imports from U.K.	£102.19m.
Exports to U.K.	£73.24m.
Currency: Rial Omani	
	£=RO 0.623

The regime has its safeguards, however. Saudi Arabia is now contributing on a large scale to make up the shortfall in revenues and can be expected to go on doing so (though it was slow to help during the Dhofar insurgency). This is a financial necessity, whatever the cost to Oman's prized independence. The army, which in other developing countries often poses a threat to the government, is under expatriate (British) command and its units are so deployed as largely to cancel out each other's potential for mischief.

The police, which has its own air and marine wings, enjoys generous budgets and is a powerful paramilitary force; it is both a counterweight to the armed forces and a means of imposing efficient regional control.

Oman has relatively few Arab expatriates; in other oil producing states they have brought their families and constitute a sensitive political constituency, to he, a poorer Oman has to more vigilantly.

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Economy consolidates

THE FASHIONABLE way to describe the economy in Oman is to say that it is going through a period of "consolidation." It is growing more slowly than in the heady days of the oil price boom of 1974 and 1975, and wild upward rushes in prices, almost uncontrolled building and barely co-ordinated development have become things of the past. Consolidation accurately implies a more sober pace of development, a greater appreciation of what is worthwhile and more effective control of expenditure.

Whereas other oil exporting countries in the Arabian peninsula have had their expenditure curbed, if at all, by the inability of their economies and their administrations to absorb the funds available without unbearable strains, the decisive factor in Oman has been the relative shortage of funds themselves. It became clear in late 1974 that the Government was spending or committing revenue far beyond its means, and with oil production having reached a peak last year, revenue from this source is likely to decline gradually until the end of the decade. By 1980 the projected coming on-stream of new oil fields in Dhofar could arrest the decline, and both government and oil companies naturally hope that by then the extensive oil exploration now going on will have borne substantial fruit.

But on the worst case analysis, Oman is having to face the possibility of living without the windfall of a large oil income sooner than other Arab oil producers. For a fundamentally poor country this is serious, but fortunately Oman has rather greater alternative resources than some of its Arabian neighbours. Seven years of fast development have seen the laying down of most of an infrastructure and the government can now concentrate on creating revenue producing projects, helped, in the last two years, by bountiful assistance from Saudi Arabia. The sudden need for financial stringency has greatly speeded up the growth of administrative institutions, a particularly striking development when it is remembered that there were no modern institutions at all in 1970 when Sultan Qaboos came to power.

Along with everything in modern Oman dates from that year when the country was yanked out of the Middle Ages. Sultan Qaboos was able to profit from a few development decisions taken in the last years of his father's reign, but the explosion of development began in 1970 and in a relatively short time the country was transformed as schools were built in large numbers (there were only three before), hospitals and medical services were installed and a metal road network built. Between 1970 and 1973 government expenditure rose from RO20.6m. (\$80m.) to RO91.7m. (\$265m.), pulling ahead of the revenue which rose over the same period from RO45.4m. to RO68.5m. as oil output and prices increased.

Then in 1974 oil price increases (and further rises in production) took government revenue up four-and-a-half times to RO311.5m., and further in 1975 to RO459.5m. (By this time the state was benefiting from its 80 per cent. participation in the oil company, Petroleum Development (Oman).) Expenditure in both years exceeded these figures but loans from banks and friendly states, and some grants, enabled the government to balance its books. The boom saw infrastructure development going at a more feverish pace, while the private sector, drawing on readily available finance and natural business talent, made fortunes in property development and importing, assisted in some cases by unscrupulous outsiders with a strictly short-term interest in Oman.

The boom ended in what in other countries would be called a recession, though out one of disastrous proportions. Inevitably the building and property sectors were worst hit: not enough expatriates arrived in Oman to fill the villas on which landlords had hoped to recover their building costs within three years. Early this year it was estimated that about 30 per cent of the homes in the Muttrah-Ruwi area were unoccupied, partly for lack of demand and partly because of the failure of services (notably electricity and telephones) to keep pace with development. Some banks which had lent heavily on property found themselves having at least to reschedule debts.

The State's overspending (it spent RO365.4m. in 1974, against original estimates of RO201m. and oil revenue of RO291.5) was the almost inevitable result of a government system which had been developing slowly for only four years and lacked the co-ordination, the institutions and the legal framework which would have imposed spending discipline. The resulting crisis led to the establishment of three councils on which the most senior and best qualified men in the country were placed—for financial affairs, planning and petroleum and gas. New laws were promulgated both to regulate business and to define the functions of the Development Council, the role of the Ministry of Finance elevated, the Teachers Board made more effective. The newly formed Central Bank was operating by early 1975 backed by a new banking law. Finally late last year a five-year plan which faced squarely up to the problem of declining oil revenues was published.

But despite the spending controls, the 1975 budget envisaged expenditure which, at RO391.5m., was more than 19 per cent. above the previous year's spending, and though the out-turn was slightly less at RO381.1m., spending for 1977 is budgeted at RO770m., a further 32.5 per cent. jump. Apart from the inevitable effects of imported and locally generated inflation, two factors have had an important effect on these figures. First, the war in Dhofar which ended early in 1976, has left a legacy of high defence spending. Part of this is due to the upgrading of the Armed Forces to take over rules previously performed by British and Iranian troops; most is the acquisition and operation of sophisticated new equipment.

In 1974 the Sultan ordered 12 Anglo-Freoch Jaguar strike aircraft and an air defence system based on the British Rapier missile, whose total cost is estimated at about \$400m. Half the Jaguars have now arrived and the air defence system should be complete early next year, so that the capital spending element in the budget may soon decline; but the cumulative effect has been to make defence spending just under half total spending in both 1975 and 1976, while the budget allowance for this year, though only slightly higher than last year's spending, is more than a third higher than the development plan estimated.

The second factor, particularly noticeable in the 1977 budget, is the sharp increase in recurrent expenditure. For this year it is budgeted at RO385m., a 41 per cent. increase on 1976's recurrent spending. By contrast the development spending is due to boom saw infrastructure development going at a more feverish pace, while the private sector, drawing on readily available finance and natural business talent, made fortunes in property development and importing, assisted in some cases by unscrupulous outsiders with a strictly short-term interest in Oman.

maintaining and managing what it has bought. With only a strictly limited number of trained Omanis the country relies heavily on expatriates, who naturally are expensive to employ. The acquisition of the new equipment for the Air Force has led to a more than doubling of its number of personnel, and many of these are British.

Another feature of this year's budget is the virtual doubling to RO95m. of the cost of servicing and repaying loans. Oil revenues (at RO454.7m.), made up just under 80 per cent. of total revenue in 1976 and, estimated to increase only marginally to RO460m., will account for less than 60 per cent. this year. Apart from the RO33m. from customs duties and taxes each year the rest comes from loans and grants: last year Oman benefited from a mixture of suppliers credits, foreign bank loans and concessional loans and grants from Arab countries, Saudi Arabia, Abu Dhabi and Kuwait.

This year Saudi Arabia is being considerably more expansive: apart from loans of \$100m. for the copper mining project at Sohar and \$95m. for development in Dhofar (plus \$10m. to assist reconstruction on Masrah Island, damaged by a cyclone), the Kingdom is understood to have provided up to \$250m. mainly on grant terms. The money must be devoted to specific prepared projects and the bulk of it is expected to go on defence. Next year Oman expects to be able to present projects which will enable it to receive twice as much, according to senior officials, though the Government hopes to keep recurrent spending within 5 per cent. of this year's budget.

These injections of finance give Oman the possibility of gradually increasing its expenditure despite the drop in oil revenues. The construction industry, though now slumped down in size, is looking forward to a construction boom in Dhofar as development there gets underway on a large scale. Economic activity has probably speeded up slightly in the capital area; for example, though there are empty houses in some areas many houses are being erected for Omanis on land given by the Government on condition that it is built in six months. The newly established Housing Bank (in which the Kuwaiti Government has a 29 per cent. stake) makes loans for up to 20 years to owner occupiers, using the rule book of the Abbey National Building Society in Britain. But in many areas it may be a matter of years before electricity, water and telephone services catch up with the new homes.

Prices are still high (a three bedroom villa without electricity costs between RO650 and RO700 a month, while office space costs about RO6 or RO6 per square foot in the capital area) but

inflation, though still high, is far below the 80 per cent. rate estimated for 1974. Port congestion has been totally eliminated at Muttrah but the economy still suffers from pressure and the Central Bank must keep a close eye on the money supply, which it controls through its excellent relations with the banks.

In the private sector there is considerable small scale industrial development, in such businesses as bottling and dairy products. Kuwaiti finance, a sharp upturn in the economic climate remains good in the near future, is unlikely to be a problem.

James Buxton

OMAN II

private, Government and Government, is becoming involved in several projects: the private sector the Kuwait Foreign Trading Contract and Investment Company, 20 per cent. of a brick factory in the public sector—the Kuwait Cement Company is to take 20 per cent. of the new On Cement Company. But while business climate remains good in the near future, is unlikely to be a problem.

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GOVERNMENT REVENUE AND EXPENDITURE IN OMAN						
Revenue	1974	1975	1976 (budget)	1976 (actual)	1977 (budget)	1977 (plan)
Oil	291.5	373.1	470	454.7	480	458
Other income	11.7	14.6	25	32.7	33	27
Grants	8.3	71.6	46	18	144	136
Loans	83.7	49.4	19.5	71.9	77	136
Total	395.2	508.7	565.0	577.3	714	621
Expenditure						
Total	365.4	495.5	591.5	581.1	770	621
Defence	117.7	241	274.5	288.3	297	219
Recurrent (including defence)	111.2	142.6	220.5	201	285	
Capital (including defence)	215	357	371	379.9	392	
Surplus/deficit	+29.8	+113.2	-31	-3.8	-56	

OMAN III

Awkward period for development

DEVELOPMENT is industrial projects. But into what is probably a difficult phase since Qaboos came to power in 1970. That is not to be taken as a backward transformation of a country with a singly little strain. But the establishment of a social and economic structure, was probably the next stage, the of revenue earning is likely to be a sober realisation of the year Development Plan 1976 to 1980 which was the last year. The Plan spent over five years of RO2.5bn. at constant 1976 of this RO935m. would be spent. The Plan aims among them expansion of the structure, a greater spread of investment for to halt the drift of the capital area into greater investment and fishing. But the crucial part of the year is the creation of large revenue producing projects which can compensate for an inevitable drop in income. Candidly the does not envisage solving economic problems in a year period but rather the economy in the direction for the future.

venue the Plan was published of its assumptions about revenue have had to be used. The oil company Development, now expects a slightly decline in output from existing fields than was in the Plan (whose figures were based on optimistic assumptions). PDO's original assessment was that recurrent spending is more than was originally anticipated (as described in the on the economy) and to eat away funds for capital spending. On her hand Saudi Arabia's support in the past expected to increase, and offset the oil revenue Government bases its revenue on increasing its revenue in a number of mineral and project to produce about 350,000

is to produce 1m. tons a year. The new scheme are assisting the project, providing aid totalling \$100m. About half the gas flow of 100m. cubic feet per day is to be used to fuel the existing power station and desalination plants and new planned facilities, while it is now intended to extend the pipeline to Sohar to fuel the copper smelter. The remainder of the gas is likely to be used for industrial projects in the Muscat-Mutrah area, including private sector schemes (there is not enough gas for LNG exports). To assist these, the Government is closely considering a small oil refinery or a simple topping plant (to remove some of the lighter elements in crude): either of these plants would cut Oman's total dependence on imported petroleum products. A steel re-rolling mill is also being studied.

Next year, however, the long-planned gas pipeline linking two of the oilfields with the capital area will be completed by the Italian contractor, Government is to set up the Snamprogetti. Both KFAED Development Bank of Oman and the Abu Dhabi Fund for with an authorised capital of Arab Economic Development RO10m. of which 40 per cent

EARLY ON Friday October 14 this year six members of the Popular Front for the Liberation of Oman (PFLO) walked into a small bunkered command post near the South Yemen border with Dhofar, handed in their Russian weapons and surrendered. Two days later the senior rebel, Salim Mussalim, aged 30, was taken to have lunch with a journalist colleague and myself at Salalah's new Holiday Inn. The fact that he had not yet been fully interrogated demonstrates the relaxed approach of the Dhofar authorities to the insurgency, which now appears to be completely crushed. The war against the Sultanate began in 1964, reached a peak of insurgent activity in the early 1970s and was finally declared over on December 5 1975. But cross-border shelling from South Yemen went on until March last year and an Iranian Phantom jet was shot down in the border zone a year ago. There was also some minor guerilla activity on June 9 this year, 12th anniversary of the foundation of the revolutionary movement. According to Salim there are now only 30 guerillas under arms left in Oman. Brigadier Charles Huxtable, the senior British officer in Dhofar, put the

Government, and the rest by foreign and local interests. Among other projects which the Government is closely considering are a small oil refinery or a simple topping plant (to remove some of the lighter elements in crude): either of these plants would cut Oman's total dependence on imported petroleum products. A steel re-rolling mill is also being studied. Oman is still in the stage of assessing its potential for large scale export-oriented fishing. Though signs are that it is substantial. Already however small trawler fleets are operating, partly on an experimental basis, and the Government has built a network of cold stores both on

the coast and inland which form the basis of an already expanding inshore fishing industry. In agriculture the Government plans to spend RO26m. on such items as irrigation, animal husbandry, technical studies and extension centres. But though there is 'undoubted agricultural potential it is not close to being realised on a large scale. An adequate return on investment seems improbable for the time being and rapid development could cause serious social disruption in the villages. Oman is still in the stage of assessing its potential for large scale export-oriented fishing. Though signs are that it is substantial. Already however small trawler fleets are operating, partly on an experimental basis, and the Government has built a network of cold stores both on

Jebel The firqats, who are handsomely paid for changing sides and get RO80 per month plus food and in some cases accommodation are effectively on a welfare scheme with the object of retaining their loyalty. To avoid the possible boredom of peace time (during the war they took part in counter-insurgency operations and acted as an extension of the army's intelligence service) some of them are now being organised into a jebel police force. The Civil Aid programme began during the war in the areas cleared of rebel activity with well drilling, the building of graded roads and of 21 RO4m. village centres, consisting of wooden huts, schools and shops. Now the Ministries of Education and Health are taking over the administration of the centres. They will also oversee the drilling of 23 new wells and will run the flying doctor service, which consists of four units under expatriate doctors. The next stage is the building of armac all-weather roads in the jebel. A basic plan has been drawn up by Sir William Halcrow and Partners, and Saudi Arabia is to lend \$95m. for construction, which is to be handled by British contractors. The roads will link up with the hard road joining Salalah and Thumrait, which has an important air force base built in record time in 1974. Thumrait has been used for civilian flights when the monsoon closed Salalah, but the provincial capital's airport has now been upgraded. The main runway has been extended and reinforced and a new terminal built. The airport, whose civilian operations are managed by Pan American, will be able

ment within the next few years. But these industrial and mineral projects pose new problems for the Government and for Oman as a whole. Oil development could be largely left to the operating company; infrastructure development was mainly a matter of construction, depending on expatriate consultants and companies. Importing raw materials and much of their labour force. The new projects will require permanent labour forces and management teams. Compared with the oil states of the Gulf Oman has strictly limited the intake of workers from the sub-continent who make up the majority of the Government is looking for a 65,000 expatriates in the labour force (the total number of private sector workers was estimated last year at 93,000; the public sector numbered 39,000). As most workers have short term contracts and may not bring their wives and children, there is no danger of them swamping the Omanis, even though they do jobs for which Omanis are not qualified or which Omanis consider beneath their dignity. But workers for the new projects may also have to come from the subcontinent since Omanis are unlikely to want to work underground in copper mines or in the dusty atmosphere of the cement plants. Permanent workers will want to bring their families with them.

Projects It is therefore to the large civil capital projects that the Government is looking for a substantial return on investment within the next few years. But these industrial and mineral projects pose new problems for the Government and for Oman as a whole. Oil development could be largely left to the operating company; infrastructure development was mainly a matter of construction, depending on expatriate consultants and companies. Importing raw materials and much of their labour force. The new projects will require permanent labour forces and management teams. Compared with the oil states of the Gulf Oman has strictly limited the intake of workers from the sub-continent who make up the majority of the Government is looking for a 65,000 expatriates in the labour force (the total number of private sector workers was estimated last year at 93,000; the public sector numbered 39,000). As most workers have short term contracts and may not bring their wives and children, there is no danger of them swamping the Omanis, even though they do jobs for which Omanis are not qualified or which Omanis consider beneath their dignity. But workers for the new projects may also have to come from the subcontinent since Omanis are unlikely to want to work underground in copper mines or in the dusty atmosphere of the cement plants. Permanent workers will want to bring their families with them.

Bringing Dhofar back to the fold

figure at around 50 but says: "They themselves probably no longer regard themselves as being at war." Salim said that at the June 9 Training Camp in South Yemen, which he claimed to have commanded, there were 200 men under training. Morale, however, was low and though there was talk among the high command of restarting the insurgency he thought the chances of this happening were negligible. "It's over," he said. Yet at the time Sultan Said was deposed in 1970 a force of guerillas which probably never numbered more than 1,000 controlled all the province except the Salalah plain. The insurgency was defeated by a combination of policies which, with some change of emphasis, are being continued to this day. Military activity has naturally declined, but there are still about 6,000 members of the Sultan of Oman's Land Forces in Dhofar. Alongside them are about 3,000 members of the firqats, a kind of militia formed of guerillas who accepted the government's inducements in change sides — a key part of the counter-insurgency strategy. Some 425 British on contract as well as 200 seconded British remain in Oman although not all are in Dhofar. In order to make the jebalis' (or mountain people) change of heart permanent

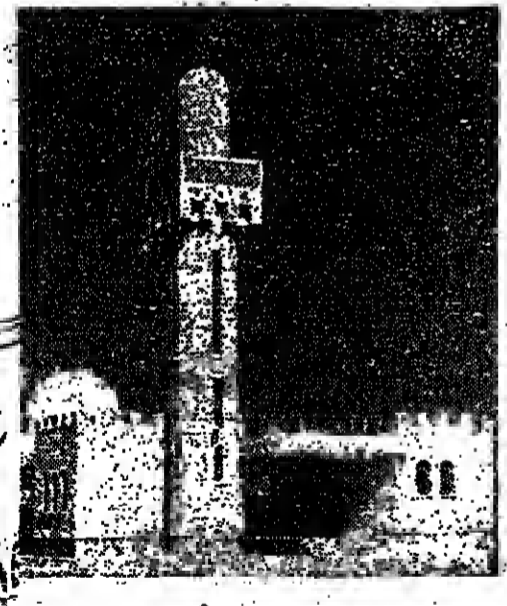
to take the largest intercontinental aircraft. There are no plans for a tourist industry in Dhofar at the moment but a new Holiday Inn Hotel built by Italconsult and owned by the government was opened in October. Costing RO4m, it has 140 beds. It had only four guests when I stayed there last month but the management expects it soon to fill up with businessmen as the pace of development speeds up. A lavishly equipped 250-bed hospital opened last year at a cost of \$40m. and the town of Salalah is getting a new water storage and sewerage plant. At the heart of the plans to develop Dhofar, however, are agriculture and fisheries. Although oil is about to be produced at Marmul and Amal, and part of the port expansion at Raysut includes an oil berth, this will not provide many jobs. There are too few people for industry to be developed, and as one official said: "it has got to be agriculture or fishing." There are presently 4,000 acres under cultivation and although this could be extended to 6,000 acres, the province is nowhere near capable of feeding itself. The real white hope for development is beef production. There are 23,000 head of cattle on the jebel where they find natural pasture. In the past hill calves were slaughtered while

still young to leave the fodder for cows. The Government tried to discourage this practice by in 1975 buying 700 young bull calves and fattening them at the experimental beef farm at Garzaiz, the next year 1,000 bull calves were bought and sold at over 200 kg. Bull calves from Kenya were also imported to improve the strain. No calves have been bought this year because the Government wanted to start buying by weight rather than by the head, the scheme has probably gone only into temporary abeyance, and the long-term outlook for self sufficiency at least is good. As for fishing, the potential catch is enormous. There is already a scheme for loans to small fishermen to buy outboard engines. A cold store is to be built at Salalah and training is taking place of Omanis on trawlers under contract. Both the beef production scheme and the fishing plans have the attraction that they help the integration of the hitherto isolated jebel with the coastal plain (a lot of the 40,000 sardine catch now goes for fishmeal for the beef), and of Dhofar with the rest of the country. Given the former separatist tendencies of the province this is of paramount importance to the country.

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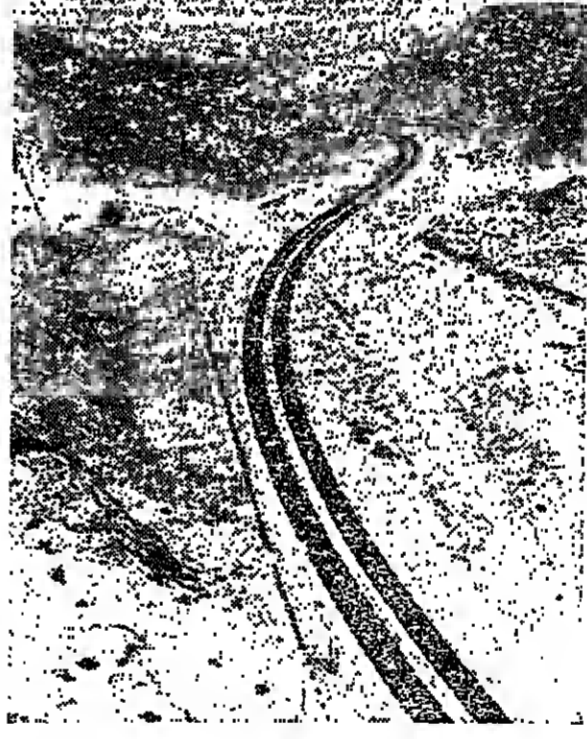
Muaskar-al-Murtafa's Complex



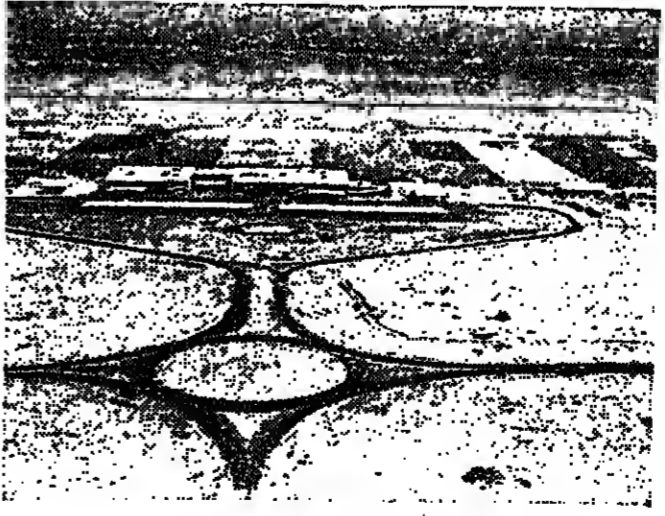
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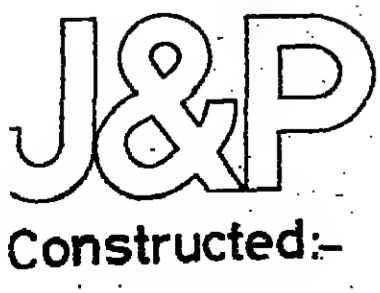
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Oil prospects in doubt

OMAN IS doing everything possible to try to halt and reverse the trend of declining oil output which began last year. Both the government and the oil companies maintain considerable official optimism that together the coming onstream of new fields, measures to slow the decline in the output of existing fields and new exploration will dramatically transform Oman's prospects.

But on the basis of known reserves from existing fields Oman's production has passed its peak. Unless more oil is found the country faces a steep decline in output over the next few years with a concomitant fall in income, even if there are major price increases. No one in Oman is prepared to reveal exactly what known reserves are, but daily production appears to have peaked in December 1975 at 386,000 barrels per day. In January 1976 the figure fell to 368,515 b/d. Last year's average was 365,000 b/d.

This year, production is currently running at 340,000 b/d and should average out for the whole 12 months at 330,000 b/d. All existing production is in the hands of Petroleum Development (Oman), which is 60 per cent owned by the Government, 34 per cent by Shell, 4 per cent by Compagnie Francaise des Petroles and 2 per cent by Parfex, the Gulbenkian interest. PD(O) now projects output as follows: 290,000 b/d in 1978, 259,000 b/d in 1979, 234,000 b/d in 1980 and 212,000 b/d in 1981. Beyond this the company is not willing to go, publicly at least.

The decline is taking place in the older established fields around Fahud, where four fields, Fahud, Natih, Yibal and Al Huwaisah have been responsible for about two-thirds of production in the past two years. The five newer fields of Ghaba North, Qarn Alaw, Habur, Saib Nihayda and Saib Rawl, came on stream in 1975 and quickly reached their capacity of around 100,000 b/d.

Although there have been severe problems of water cuts (the proportion of water brought up with the oil) at one of the newer fields, Qarn Alaw, the output from these areas is predicted to be fairly steady until the end of the decade. This year, for example, the Qhaba fields are running at 94,000 b/d while the Fahud complex is producing at 245,000 b/d.

There will be a very sharp drop from the Fahud fields in the immediate future. Recently a new field at Lekhwair has only one well and production is not likely to affect the overall picture at Fahud.

To try to cut the rate of decline in production from Fahud, Yibal, Natih and Al Huwaisah PD(O) has a small army of engineers engaged in what the production manager at Fahud calls a "very intensive secondary recovery programme." Shell's laboratories in Holland are working on new methods of maximising output from Oman's wells.

At the moment Fahud is dotted with tanks and cylinders for water separation as well as water injectors and gas injector pumps. The water cuts can vary enormously. At Fahud, for instance, where there are 63 producing wells one called Charlie has recently produced only 5 per cent crude (albeit very good oil at some 39° API).

At the Bravo well, not too far away from Charlie, 70 per cent crude oil is being extracted. In order to keep up production, water or gas is injected underneath the oil to increase the pressure on it to rise. In the Fahud field last year an average of 35,000 b/d of water was injected to push up an average of 101,000 b/d of crude oil.

Production

Secondary recovery can considerably increase the unit costs of production. Oman's production costs are anyway high since the oil has to be pumped 300 kilometres through the mountains to the Misa Al Fahal oil terminal near the capital.

As a senior oil executive said: "The oil will never run out completely." But more morosely he added, "you can reach the point, though, where it simply is not financially viable to go on extracting."

To increase oil production, which this year is expected to provide 93 per cent of the government's revenue, excluding grants and loans, Sultan Qabous will announce on National Day the decision to bring two fields in Dhofar into production. A 220 km. pipeline is to be built at the port of Raysut near Salalah, where facilities are being expanded to take tankers of up to 50,000 tons.

The new fields, Amal and Marmul, are expected to be producing 15,000 b/d next year and 30,000 b/d by 1979, according to PD(O), who will develop them and believes this to be the maximum obtainable. But the pipeline is to have a capacity of 60,000 b/d, which suggests that the company expects to find more oil in the area.

Any further oil discoveries in Dhofar could help reduce the very high development costs which make the present fields commercially unviable. The start-up costs of the project are estimated at \$300m, which works out at \$10 per barrel per day—about twice the cost normally incurred in the North Sea. This is because the crude is very heavy, will be difficult to extract, and will have to be conveyed in a heated pipeline to the coast and then shipped in a heated tanker. The crude, ment has been.

Indeed, it may have removed the cut-throat element from the competition, but it cannot alter the simple equation of these being a limited pool of deposits to be shared among 20 licensed banks. The latest quarterly bulletin published by the Central Bank shows that deposits stood at RO183m. at the end of June, RO21m. more than at the end of March, and RO58.5m. more than at the same time last year. Part of the increase was due to the government placing with local banks some of the \$250m. it has received in aid from Saudi Arabia, and although adding to banks' liabilities, this is unlikely to allow for a commensurate expansion in their loan portfolios as the deposits are only short-term and some are said to be carrying as much as 10 per cent in interest.

Like all other sectors of Oman's economy, banking has grown vastly in scale over the past few years. The British Bank of the Middle East opened in 1948 and had the limited market to itself for 20 years until Chartered Bank established an office in 1968. Since then another 18 banks have been granted permission to operate, bringing the total of foreign banks to 14 and those locally incorporated to six. But this line-up is unlikely to increase in the immediate future because last year it was decided that the level of activity was not sufficient to justify further entrants into the community and the less, as no statistics have been published since June, a more extensive network should be further increased, it is not yet clear how effective the arrangement-remote areas of the country. The

The best prospects seem to be in the Musandam peninsula. Elf-Erap has found traces of hydrocarbons in a deviated well on the Iranian side of the concession. It is now drilling a second well on the Omani side. Again, though it may be a look for a partner to help relieve costs.

Apart from oil Oman has reserves of the order of 90,000 cubic feet, and a pipeline to Muscat is now near completion. The quality is enough for any domestic industrial project, but it is enough to justify long process and exports. The pipeline is expected to be completed by Sohar to fuel the proposed copper project.

Oman is still considering a small refinery and a simple tapping plant to reduce its total dependence on imported petroleum products. PD(O) is also actively looking for a partner in developing the Dhofar fields and in the Sultanate of Oman. PD(O) is also actively looking for a partner in developing the Dhofar fields and in the Sultanate of Oman. PD(O) is also actively looking for a partner in developing the Dhofar fields and in the Sultanate of Oman.

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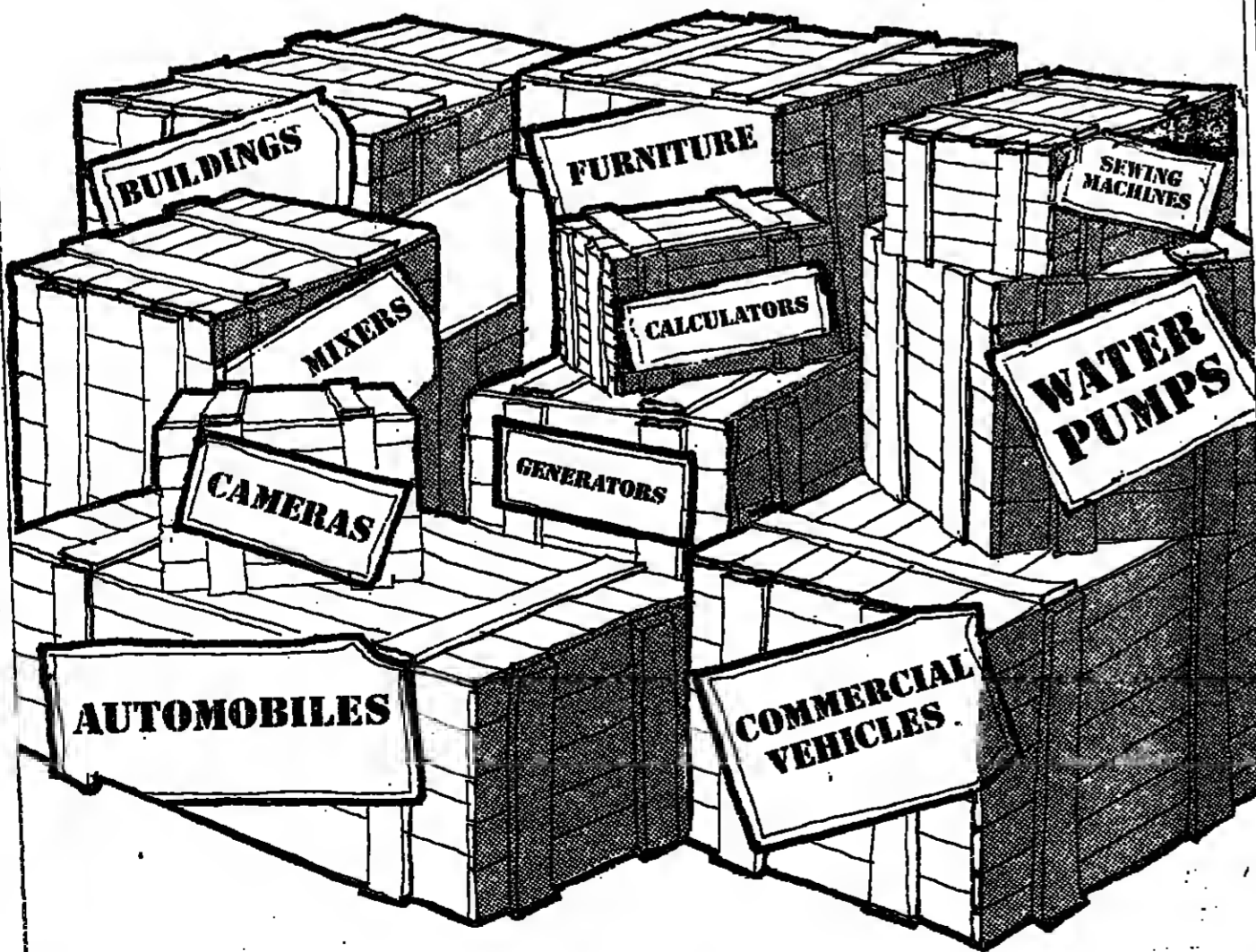
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Banking on the future

FOR A country that entered the modern world only seven years ago and has since encountered not inconsiderable economic problems, Oman's banking system has advanced at perhaps a surprisingly rapid pace, while maintaining a stability that could be envied elsewhere in the Gulf area.

Yet with the dramatic slowdown in economic activity of the past three years and the rising number of commercial banks starting to operate, competition has become increasingly tough recently and is generally not expected to ease much for at least 18 months.

This led last year to the beginning of an interest rate war, with shortage of liquidity forcing deposit rates on some subsequently the rates on some loans and overdrafts reaching unprecedented levels, in isolated cases as much as 18 per cent. Although the situation could not be defied in crisis terms, in May the Central Bank of Oman intervened and commercial operators agreed to grant a maximum of 10 per cent on time deposits and charge no more than 12 per cent on loans.

The fact that the matter could be tackled by discussion and voluntary agreement rather than requiring mandatory sanctions underscores the good relationship existing between the Central Bank and the banking community which no doubt has contributed to stability. None the less, as no statistics have been published since June, a more extensive network should be further increased, it is not yet clear how effective the arrangement-

ment has been. Indeed, it may have removed the cut-throat element from the competition, but it cannot alter the simple equation of these being a limited pool of deposits to be shared among 20 licensed banks. The latest quarterly bulletin published by the Central Bank shows that deposits stood at RO183m. at the end of June, RO21m. more than at the end of March, and RO58.5m. more than at the same time last year. Part of the increase was due to the government placing with local banks some of the \$250m. it has received in aid from Saudi Arabia, and although adding to banks' liabilities, this is unlikely to allow for a commensurate expansion in their loan portfolios as the deposits are only short-term and some are said to be carrying as much as 10 per cent in interest.

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Construction outlook improves

LIBER of building sites might lead the casual in conclude that the construction industry is eagerly awaiting the appearance of the five year plan for at its lowest since the 1976-80, which eventually came out in November. This did not at that time much to alleviate the situation as it enabled contractors to start planning in accordance with the projected growth rate in the economy of 2.8 per cent a year.

Spending

The plan estimated that total construction spending would decline over the period from RO294m this year to RO122m in 1980 and that earnings of foreign contractors remitted abroad would fall from RO51m to RO30m. However, within the overall expenditure figure, private sector housing would account

for an increasing share and rise steadily from RO25m in 1976 to RO63m in 1980, a target that may be slightly over-optimistic. Despite some building starts in recent months, unofficial calculations are that 30 per cent of the dwellings in the Mutrah-Ruwi area are standing empty, and banks have clamped down firmly on real estate loans. This is compounded by a tightening up of planning regulations and reports that there will be no new electricity connections in the capital for several months, pending resolution of distribution problems. Nevertheless, the outlook for the construction industry from next year onwards looks distinctly less bleak. The Housing Bank has been set up and should immediately generate some private business

by making loans to Oman; next year the Development Bank of Oman is due to be set up to finance non-oil income earning schemes. Moreover, although this year's budget was published only in August and so, as in 1976 produced a stop-go situation throughout the economy, it is Oman's largest ever. Revenue is estimated at RO714m, against RO609m last year and total expenditure stands at RO770m, compared with RO605m. Nevertheless, capital investment is allocated only RO40m, more at RO392m, while recurrent spending goes up by RO74m, to RO285m, underscoring the escalating maintenance and other current expense facing the government. Realising they may have been over-committed on new projects towards the end of 1976 and at the beginning of this year, some government departments are said to have cancelled or deferred a number of contracts. These totalled something in the region of RO15m, in the north alone and included a RO5m extension to the Royal Guard headquarters, an abattoir and a band school for the armed forces. By then contractors were already well aware of the extent of their spare capacity and were starting to lay off or relocate parts of their workforces, a reduction estimated to be in the order of 40 to 60 per cent for international firms against 12 months ago.

Competition

Because of the absence of other projects of any significance, competition for the smaller contracts has intensified. Eleven companies, including several major internationals such as Yahya-Costain, Skanska and Tarmac, tendered for four hospital extensions valued at around RO5m in total and over 20 contractors purchased tender documents for the building of four schools. The hospital contract was divided between J and P and a local firm and the closing date for bids on the schools is due next month.

emerging to award contracts of limited size to the smaller locally based operator. Some foreign firms have formed local companies with Omani interests, for this is the legal prerequisite to working in the private sector, whereas only an agency arrangement with an Omani national is required for government work. The first joint venture to be established was Taylor Woodrow-Towell; Yahya-Costain was next, and Cementation set one up recently. It is difficult to assess whether the registration of further joint operations will be deterred by this year's amendment to the foreign investment law which increased the minimum paid up capital required for such organisations from RO25,000 to RO150,000. The Omani share has to be at least 35 per cent, and now has to be determined individually by a special committee. One tangible effect of the recent slowdown in construction activity is that the sense of urgency inherent in the need to establish the country's infrastructure as quickly as possible no longer applies and the government has time to make a much more detailed appraisal of projects and specifications. An increasing number of non-defence public sector contracts are going out to tender through the 18-month-old Tender Board, including many whose value is lower than the specified minimum of RO15m. And although the lowest bid is often accepted, other elements equally important to price, such as period of implementation, are also taken into consideration. It is now rare for the Government to make advance payments for mobilisation. Every contract has to be signed by the Directorate General of Finance and the Development Council as well as the ministry commissioning the work, and the cost plus formula is rapidly becoming a phenomenon of the past. The most common practice is for contracts to be based on the FIDIC document and for the remeasure clause to be retained and the escalation clause deleted, while the rigid fixed price principle is used in only a larger slice of the reduced cake and a policy seems to be

Materials

All building materials apart from sand and aggregate come from abroad and were spiralling in price until the second half of last year. Cement can now be bought locally for around RO30 a tonne, whereas at the height of the boom it could command more than double that amount and, though labour costs are rising steadily, the rate is not enough to make an appreciable difference to the final figure. Overall the industry is entering the second phase of Oman's development in a healthy condition. The Government is paying some of its bills more promptly than in the past—it is the private sector which is now having difficulties—and most contractors are mobilised in line with the volume of work they can expect to obtain. It is unlikely that the level of business around at any one time will ever match the pitch of three years ago, a situation some may regret. Yet the benefits derived from the more leisurely pace of development are thought by others to more than offset any disadvantages the slower and more even pattern of spending may cause. B.C.

Banking

CONTINUED FROM PREVIOUS PAGE

region of Salalah is served and for the months has had a bearing house and curfew for which the National Bank, the National Bank, is agent. local bankers' prime concern is where the business is likely to be. Their main areas have been financing trade and credit to the construction sector, but the outlook for the two categories is regarded by some as bleak. For months the market has been in an state with the supply far exceeding demand, in which a Housing Bank has been formed, to identify properties for imports have to a development stagnated, a development is being set up to hands of fewer organisations and long-term income earning have been squeezed out—pre-requirement sources appears in the light of the sub-volume of funds which already arrived from

Saudi Arabia or have been promised. Conversely, it is argued that the new financial institutions will generate business for the commercial banks. They will be needed for short-term finance and there will be much potential in the opening of letters of credit for equipment and other goods needed for new projects. Considering the recent trends in Oman's economy, the commercial bank's consolidated statement in June showed a surprising increase in the loans outstanding for imports and construction from RO48m, 12 months previously to RO74m, and RO15.5m, to RO18.5m, respectively. Yet, the fact that the number of accounts has declined in those categories as well as over- concentration of business in the hands of fewer organisations and that some of the less reliable and satisfactory clients have been squeezed out—pre-requirement sources appears in the light of the sub-volume of funds which already arrived from

in the economy became apparent. Furthermore, the bank attempts to contain inflationary pressures by not offering discount facilities to commercial houses, even when demand for loans steps up, for example as a result of the government budget being published late in the year, as occurred in 1976 and again this year. Since replacing the Oman Currency Board in 1975, the Central Bank has increased substantially its areas of responsibility both towards commercial banks and the government. As well as conducting annual examinations of banks, issuing licences and publishing an impressive array of financial and economic statistical data and analysis, it is now trying to encourage the development of an interbank money market, while considering the introduction of a central record of risks and a deposit insurance scheme. In strengthening its role as the government bank, a sector of the business traditionally handled by the BBME, the Bank has started to discount direct cut-back and again in March 1976, when recessionary trends

tee some external loans. In addition to accepting deposits and granting short-term credit. One subject which consistently appears to cause the Central Bank consternation is the pour rate of recruitment of Omani executives by many commercial banks. This must be seen in the context of the general policy of "Omanisation" the Government is intent on pursuing, a further example being that a directive was issued this year whereby all locally incorporated houses, which have been given a boost by legislation enabling banks to lend up to 20 per cent, instead of 10 per cent, of their net worth, must be at least 51 per cent Omani owned by the end of the year. Overall, despite bankers having expressed a certain pessimism about the immediate future—a view echoed by many observers—maybe the slight recent return in the economy and the prospect of more funds from other Arab states will give them grounds for including an element of cautious optimism in their prognostications. Barbara Casassus

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OMAN VI

Agriculture grows

IF OMAN'S nightmare of a dramatic slump in oil revenues does one day materialise, then agriculture and fisheries will be two sectors vital for the Sultanate's development. The potential for fisheries in particular is thought to be enormous, with a surplus over and above domestic needs considered to be obtainable within a relatively short period of time. Self-sufficiency at least in agriculture would also appear to be within reach.

At the moment it might seem that the agricultural sector is not doing as well as it should. Food still accounts for something like 12 per cent of all imports while agricultural exports are less than 10 per cent of the total. But although the import figure represents an apparent decline from the 36 per cent total of 1971, it does reflect the boom in other commodities and the inclusion in the statistic of all imports instead of just dutiable goods.

Nevertheless, the current level of imports suggests that little progress towards self-sufficiency has been made in recent years, and other available figures reinforce the idea that the growth in the agricultural sector has been limited. Output, which was calculated at RO16.6m (£25.4m.) in 1971 has increased by less than 3 per cent, on average each year. In terms of contribution to Gross Domestic Product, agriculture and fisheries accounted for 13.4 per cent, in 1971, a figure which fell to 2.5 per cent, by 1976, although again the GDP figure does not reflect the oil price increases.

However, if progress appears to have been modest since the new era of Sultan Qaboos, it should be borne in mind that

the bald statistics partially obscure the fact that other sectors such as infrastructure, schools, hospitals and of course defence, have of necessity taken priority, in what has been a concerted attempt to leap into modernity, and this is naturally reflected in the GDP figures.

Agriculture by its very nature takes longer to transform and there have been a number of constraints on changes. Farm sizes in Oman range from half a hectare to 10 hectares with the average at about two hectares which until recently supported an average of seven people. Traditionally the smaller farms have been along the coast, particularly along the Batinah coast, with the bigger units developing further inland. Plots, whether for fields or tree crops, have usually been too small to support mechanisation except on a collaborative basis (although a few experimental co-operatives have been set up). Investment has inevitably tended to be on a small scale.

Problem

The single greatest problem has been a drying up of the labour supply as young people in particular have been attracted to higher wages in the urban centres. Although there are no precise statistics, the percentage of the working population engaged in agriculture was thought to have been 89 per cent, in 1970 and could have fallen to 70 per cent, or possibly lower by last year.

The slower pace of agricultural development compared with other sectors, however, is not through neglect or lack of government interest; quite the reverse. Since 1970 immense

efforts have been put into establishing the technical, organisation and advisory infrastructure necessary for agricultural development. Surveys of water, soil and farming potential have been carried out throughout northern Oman and in the southern province of Dhofar.

Much has been done to assess one of the critical factors, water. There are basically three irrigation systems. Along the coast, there are thousands of shallow (usually 20 foot) wells. In the interior, there is the ancient Falaj system, whereby rain falling on the mountains is channelled into an intricate system of underground tunnels and open conduits. And finally there are deep bore wells. The deep wells are particularly found in Dhofar which has a freak climate in that it is the only part of the country which is touched by a monsoon. Dhofar gets over 30 inches of rainfall a year, mostly in the monsoon months.

Despite the surveys, the Government has not yet been able to calculate exactly the country's water table and studies are continuing. But the water supply is thought to be adequate; not only for irrigation but also to supply the main urban areas with enough running water. Desalination plays its part here.

Of the RO26.6m (£39.9m.) scheduled for agriculture between 1976 and 1980 under the five year plan RO14.2m, is earmarked for irrigation and water projects. It is estimated that with proper management of known water resources the acreage under cultivation could increase from the present 38,000 hectares to 60,000 hectares during the plan period. There has also been a start

in agro-industries. Two date processing plants with a capacity of about 10,000 tons a year are being set up. A dairy products factory near Muscat is coming into production and there are various private sector enterprises covering egg and poultry production as well as small market gardens.

Development

Dr. Ian Robinson, director-designate of the Agricultural Training Institute at Nizwa, firmly believes that the availability of labour and educated manpower are the key problems in agricultural development. This has been the critical bottleneck. The extension centres now hand out fertilisers—in 1976 453,000 tonnes of nitrogen were distributed as were 134,000 tonnes of phosphate and 134,000 tonnes of potash. More important, they train people or provide trained people in the proper use of fertilisers. The centres also hire out ploughs and tractors and give instruction in their use. The ATI itself is to give three year and one year courses. Dr. Robinson feels that more than enough useful job opportunities exist for the semi-skilled agricultural workers who will emerge from the one year course.

As for fishing, surveys undertaken appear to show that the potential catch of Oman's shores—the ATI itself is estimated to be 200 million fish—among the best in Asia. Mardela International of California started a survey in 1973 and in 1975 concluded, among other things, that the sardine catch, which is at present 40,000 tons, could be increased to as much as 600,000

tons with proper methods an expanded fisheries programme. Tuna resources, exploited at this moment, the company estimated to be about 10,000 tons very a. Until recently, virtually Oman's fishing was done by country's 15,000 small fish using beach seine and cast or going out in small "hor

The Government has set a programme whereby the fishermen can buy out their boats. They pay a 2% deposit, the Government provides a loan for 50% of the outboard and the remaining 25% is given grant.

On a larger scale, the Government last year signed a co-operation agreement with the Japanese fishing company and Nissho Iwai provides some dozen trawlers (fairly small ones) allowed to keep 40% of the catch. The Government gets the remaining 40% but it has not been revealed how much the catch has been, is not clear whether the Japanese connection is to continue beyond the end year. The total catch is thought to be between 100,000 tons.

A more recent contract signed with Traders of New Zealand is supplying four 65 ft. trawlers for fishing and survey work for training Omani crews is also a 75-ft. trawler Dbarbat, which Mardela International used for survey and this is now used for fishing crews. Arabes estimated that there are varieties of fish in waters, 48 of which are allocated to developing in the five-year plan. A 3,000-ton cold store built at Mutrah and being extended into a processing plant as well. A cold store is planned Salalah, where the fish particularly good, and cannery for the sardine as fishmeal and fish caught there could be there. Sur and Soha also become fishing centres. A 300-ton cold store making plant belong built at Sohar a new fishing is being constructed.

More work will be done, particularly in studies; before it emerges a fishing industry will have. For example is the potential in Oman's sardines. But in fishing clearly exist agriculture there we seem to be scope for exports. Outsiders feel the Government pol surveys, education and experiment are on track, so that both sectors become pillars of the before too long.



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Social services

SHEIKH AWOR ALI DJAIR, Under-Secretary for Education, insists that Oman before 1970 should not be denigrated, even though almost all his Ministry's considerable achievements have taken place since then, when Sultan Qaboos deposed his father Sultan Said.

"Everyone talks as if nothing happened here before 1970," said the Sheikh, an elderly man who speaks excellent English as a result of the many years he spent in Zanzibar. "The authorities here have found published works based on the Koran going back centuries. In the museum they have one book of poetry 750 years old." Moreover, he continued, "a great many people in this country learned to read through religious education and the study of the Koran."

But in terms of western standards of education and social welfare, Oman in 1970 must have been one of the most backward and least developed countries not only in Arabia but in the entire world.

The story of how the Sultanate had only 10 kilometres of asphalted road in 1970 has been much attested. Loss well known is just how rudimentary were all forms of social services. There were only three schools in the entire country, where a total of 800 pupils received an elementary education. There were no real hospitals, only 13 recognised doctors, just ten elementary health clinics, and hardly any clean running water pumped to houses.

Upon the takeover by Sultan Qaboos, education and health were two sectors given immediate attention. An immense effort was made to

educate as many people as possible as quickly as possible.

At first primary schools were set up for young boys and then gradually young girls were brought in. Intermediate schools were later set up. Finally secondary schools were started and integrated with the intermediate schools in 1974. To-day there are 261 schools of which 45 are intermediate and secondary schools, while 58 are for girls only and 77 are co-educational. A total of 64,975 Omani children are now receiving education including 18,465 girls.

Education

The aim is to give all Omani children a minimum of nine years' education; six years of primary education then three years of intermediate schooling. The hope is that as more and more children go through the system a further two or three years will follow the nine.

In the five-year plan RO26m. is allocated for capital expenditure, which is a drop from expenditure in the past five years. The money will largely be spent on upgrading existing facilities. Many school buildings are still makeshift wooden huts, and eventually it is hoped to have modern brick and mortar schools. Money is being spent on an adult literacy campaign. It is thought 90 per cent literacy in Arabic exists for men.

Apart from the capital expenditure there is a recurrent budget of some RO10m. a year. Funds are also to be devoted to one major problem, which is the shortage of home grown teachers.

There are no plans, however, to build a university. Although 500 Omanis are currently receiving higher education abroad, it is felt that there simply is not sufficient demand for the moment for a university.

As for health, the progress made here has been as dramatic as for education. There are now 13 hospitals in the country together with 169 doctors and 522 health assistants. Equally important there is a total of 42 health centres and 11 clinics. The country's largest and most modern hospital with 280 beds was opened in Salalah last year. Besides this the Al Nahda hospital in Ruwi has been extended to include three new wards, an operating theatre and a dispensary.

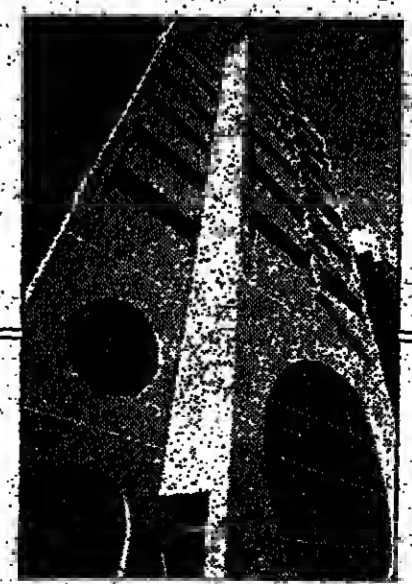
A new health centre has been

built on Masrah Island. It has been equipped to provide complete medical services for the inhabitants of the island and comprises 24 beds. Hospitals in Sohar, Nizwa and Sur have been or are being extended and a hospital for mental diseases has been built at Boshar.

In all RO33.9m. is scheduled to be spent on health in the next five years, which together with the allocation for education amounts to 7 per cent of total plan expenditure. The emphasis is very much on preventive medicine and education in terms of basic hygiene. Hence the importance of the Government hospital in Ruwi which attaches to the clinics. These are extended to include three new wards, for example, 20 of them in Dhofar most of them built by the Civil Aid Programme during the war. These are now in the

CONTINUED ON NEXT PAGE

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As little as a year ago traders using the port were experiencing a phenomenon so common in other Middle East ports of delays in turnaround from 10 days to three weeks. However, by starting a double-shift system and improving facilities by mechanical handling and ship to shore mechanisms the delays have now been cut to a maximum of three days and surcharges were suspended in February. And importers say that this is usually only when operations are affected by a public holiday.

Recession

The port has also been helped by the fact that with Oman drifting on the edge of recession, the volume of traffic has levelled off. Between 1975 and 1976 tonnage increased from 1.05m. shipping tons to 1.18m. shipping tons and the total for this year is not expected to appreciably increase. This will probably mean some spare capacity, which would enable Oman to transport some cargo for the UAE and thus earn revenue.

At present there are no plans to expand Mina Qaboois, but another six berth port is in the process of being built at Raysut in Dhofar. When completed at the end of 1978 or early 1979 (at a cost of RO30m.) Raysut, which until now has not been an all-weather port because of the extremely heavy seas during the monsoon months, will be able to handle freighters of over 35,000 dwt. At present Raysut is handling 220,000 tons of cargo a year. This new port which is being constructed by Hochtief will also have an oil pier capable of handling tankers of 50,000 dwt to tranship oil arriving from the pipeline from the Marhum and Amal fields in the interior of Dhofar. Most of the dry cargo business should come from the expansion of trade of the region itself rather than diverting cargoes from Mina Qaboois. There are also plans to expand

Special climatic factors—dust is taken out of the mainly northerly air stream by the Hajar mountains—mean that the air over Seeb is generally less hazy than anywhere in the Gulf, and this has meant delays there have usually occurred because of problems at other airports.

Seeb can probably take more passengers than it does—171,900 arrivals in 1976 and 151,800 departures. There are also plans to extend the runways and terminal buildings to improve facilities providing refreshments and meals for aircraft. Oman has an eye to catching more of the main East-West intercontinental traffic, which Dubai and Bahrain currently dominate in terms of stopovers. British Airways now flies some of its Boeing 747s to and from South-East Asia and Australia via Seeb.

The main power supply for the capital area is the power and desalination complex at Ghubra, which started operations in 1975. The steam generated power station consists of three 8 MW sets and one 50 MW set, a curious mixture owing much to the haste with which the complex was assembled. The station is expected to be fully loaded at next year's peak demand, but so far no decision has been taken on expanding generating capacity. The electricity authorities may have to look for a gas turbine which is already half-finished. When the gas pipeline is complete it will be possible to fuel Ghubra from natural gas, instead of diesel oil as at present.

At the same time distribution capacity will also have to be expanded. Many homes in the Ruwi and Medina Qaboois areas of the capital are without electricity because of inadequate transmission equipment; as an interim measure two 33 KV transmission lines are expected to be run from Ghubra to Ruwi and a 132 KV line from Ghubra to Bait al Falaj in Ruwi.

A similar distribution problem affects water supplies; with the desalination complex at Ghubra and ground water supplies there is capacity for supplying 6m. gallons per day 14m. from the desalination plant, 2m. from groundwater.

In Dhofar the diesel plant in Salalah is being extended and a water storage and sewerage works is being built. When completed this will have a water supply capacity of 7m. gallons. At present consumption by Salalah is 1m. gallons a day.

Oman has formed a company called Omantel to run its telephone system. Cable and wireless which built the initial system remains an interest. By the end of 1978 649 lines were installed and a further 3,000 lines were due to be completed by the end of this year. A small domestic satellite earth station to link Ruwi and Salalah should be completed by the end of 1977, while a satellite station recently completed in the Al Hajar mountains has improved international links.

Unity

Many of the roads were built out of a desire to unify the country. In Dhofar in particular a lot of construction has taken place because of the war. However, the network of graded roads in the Jebel is to be replaced by an asphalted system. Sir William Halcrow and Partners have just finished a feasibility study and tenders are on the point of being invited. Saudi Arabs has agreed to give RO38m for the construction of the network, work on which is to be confined to British companies.

When the current projects are completed there are few plans for further road expansion. The amount allocated for roads in the five year plan is RO120m, which is a drop from the past five years and it is thought unlikely that even this amount will be fully used. The one outstanding project will be the 870 kilometre road linking the capital area with Dhofar. At present there are no plans to build an asphalt road, because of the prohibitive cost and because there is little demand. This road notwithstanding the falling expenditure shows the Government can probably regard the task of infrastructure—not just roads but also other areas—as good as completed. It has done the job in a short time and extremely efficiently by not shrinking at the thought of employing large numbers of expatriates. As oil production revenue declines the investment will be considered even more worth while.

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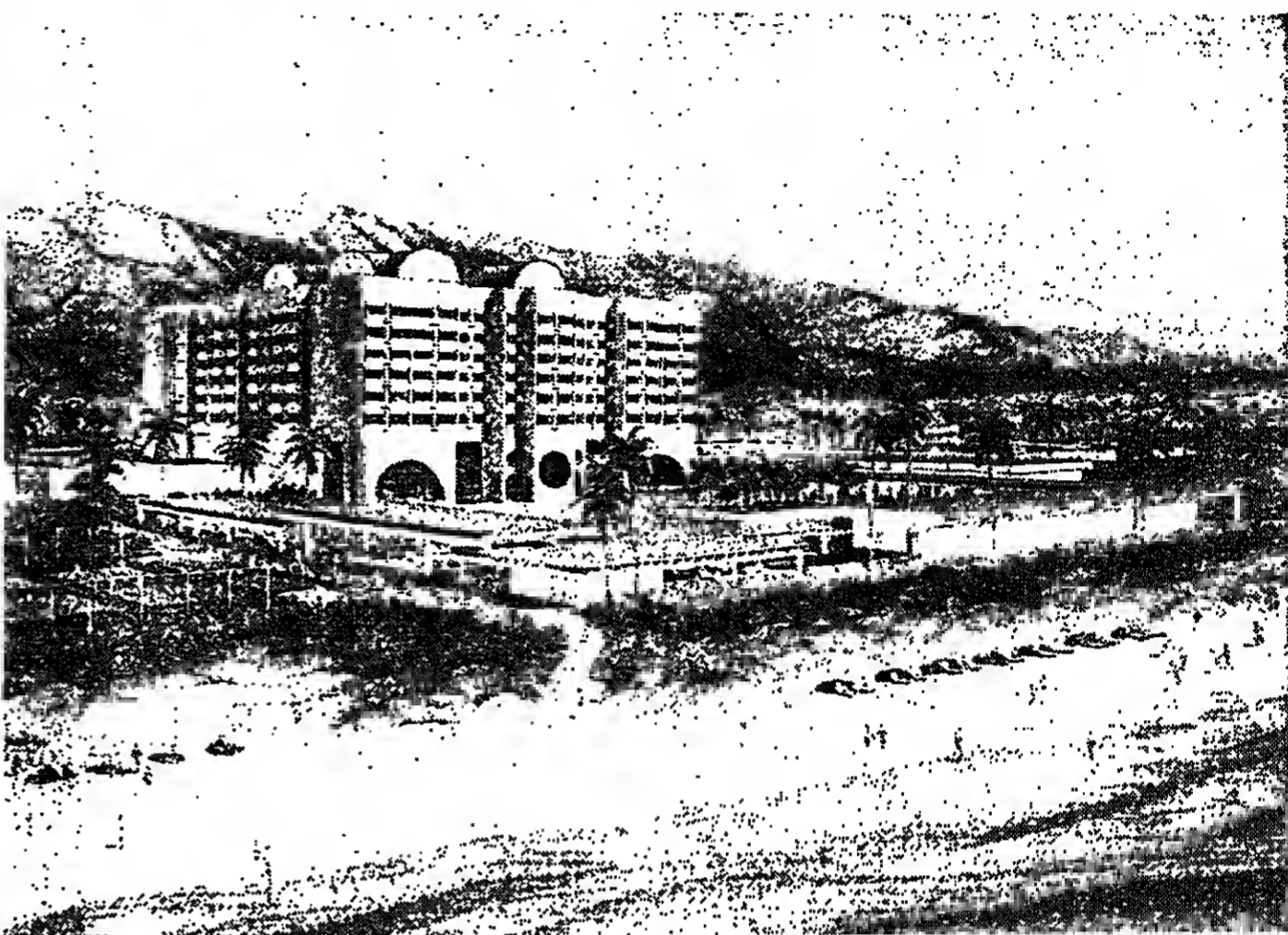
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Services

CONTINUED FROM PREVIOUS PAGE

being taken over by Ministry of Health. Clinics are planned for other places throughout the country. There has been a programme to train health assistants to the extent that they are capable of performing immunisations. It is also a flying doctor operating in Dhofar camps led by expatriate medical staff. In the past, the authorities began to make infant mortality. According to infant mortality high as 50 per cent and more women died to have their hospital level is through post natal main health and education. Following a property boom of a couple of years back

a systematic welfare state as is to be found elsewhere in the Gulf. The Ministry of Labour and Social Welfare assists what it considers to be underprivileged people and provides some financial aid for those in need. The Ministry also helps find employment for the young (although with full employment in the country this is not always too difficult). Additionally it pays for the adoption of orphans and supervises their after care, education and employment. Special arrangements were also made for relatives and dependents of those killed during the war. In 1975, for example, the Ministry spent RO400,000 in these various forms of welfare.

In terms of housing the Government has tried to hold down land prices as the vast bulk of building has been done primarily. Following a property boom of a couple of years back prices soared and there is now a nominal price of RO1 a square metre attached to land in the Ruwi/Muttrah area. The Government has built some low income houses at nominal rents. 350 have been built in the capital area and 100 each in Buraimi, Nizwa and Sohar. Under the five year plan a further 1000 units are scheduled to be built. If Oman has not brought about a complete welfare state it has excelled in the two key areas which really matter—in education and in health. The evidence suggests that in education particularly the initial rush to get everyone to school has been successful, that the back of the problem has been broken, and as to other areas of development, the Government can now start concentrating on quality rather than quantity.

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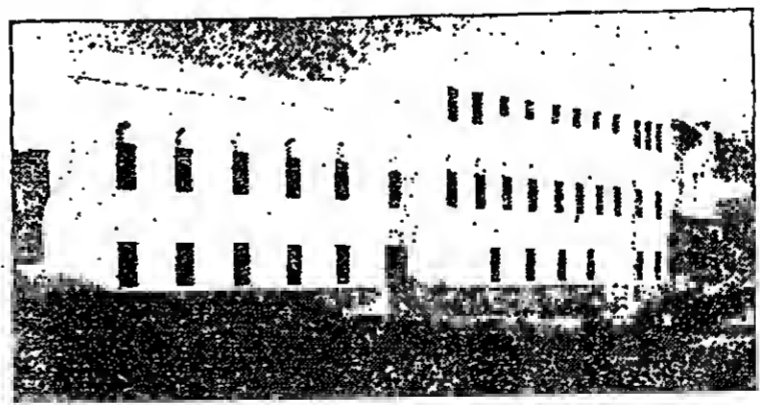
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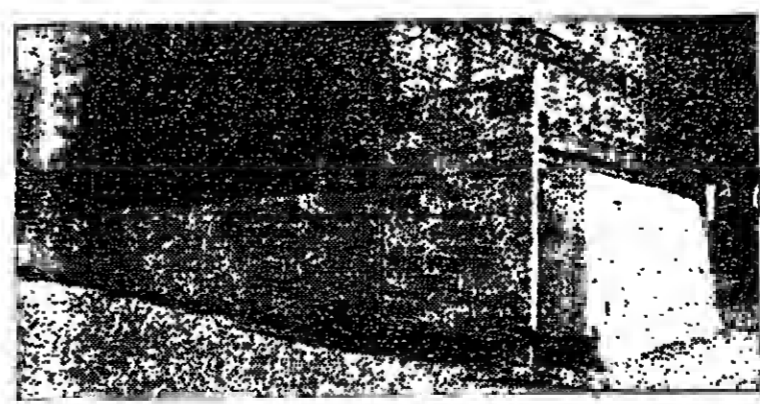
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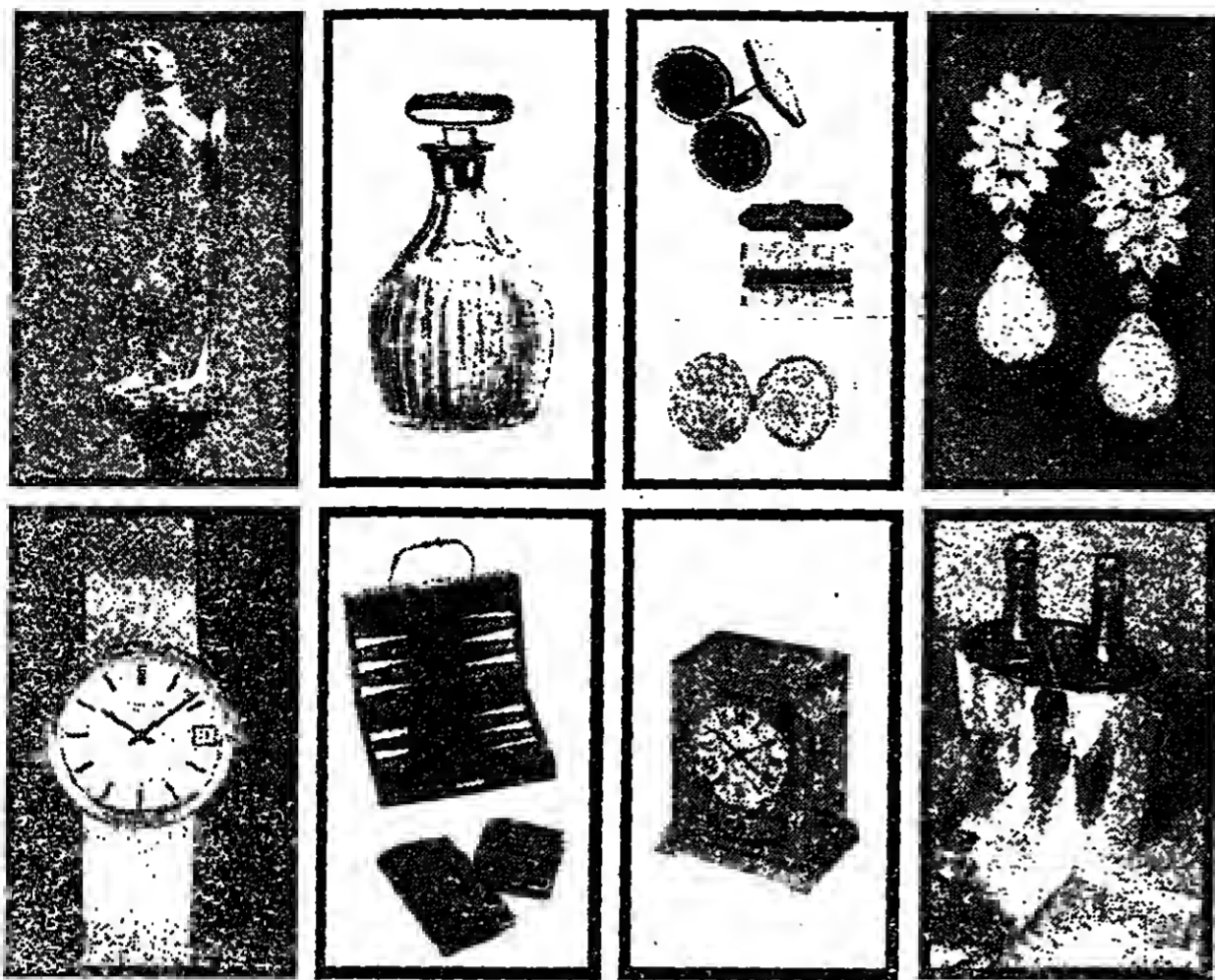
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Defence and foreign policy

SIX WEEKS ago the President of the Peoples Democratic Republic of Yemen, Salim Rubai Ali, stood up at the United Nations General Assembly, declared that Oman was not a sovereign state and reiterated the PDRY's support of the Popular Front for the Liberation of Oman, the rebel group in Dhofar. Hopes that Saudi diplomatic pressure and large scale financial support would have persuaded the Marxist Government in Aden to normalise relations with Oman were dashed, and ties between Oman and the PDRY are now at their lowest since the Dhofar war, which the PDRY assisted, came to an end.

The outbreak, to which Oman later made a mild but firm reply, was probably more of a setback for Saudi diplomacy than for the Muscat Government. The PDRY was defiantly indicating its refusal to be bought, and flying its Marxist colours at the top of the masthead. But just as there is no reason to suppose that the attack presaged a revival of the insurgency (in fact the alleged commander of a PFLC training camp defected a few days later) so a normalisation of relations (which would involve the end of PDRY support for the PFLC, the cessation of hostile broadcasts but probably not the immediate establishment of embassies) would not mean the end of vigilance. The Government of the PDRY is not likely to swallow irrevocably its disapproval of Oman's capitalist regime, and Oman knows it.

Strength

The present relative military strength of Oman and weakness of the PDRY suggest that there is little the Aden Government can do to bring down the Sultan's Government. But if Sultan Qaboos had not deposed his father in 1970 the insurgency then spreading from Dhofar to northern Oman might well have been successful. Oman is a tempting target for subversion: it guards the southern side of the Straits of Hormuz, entrance to the Gulf, and its long coastline parallels the main tanker routes to the west.

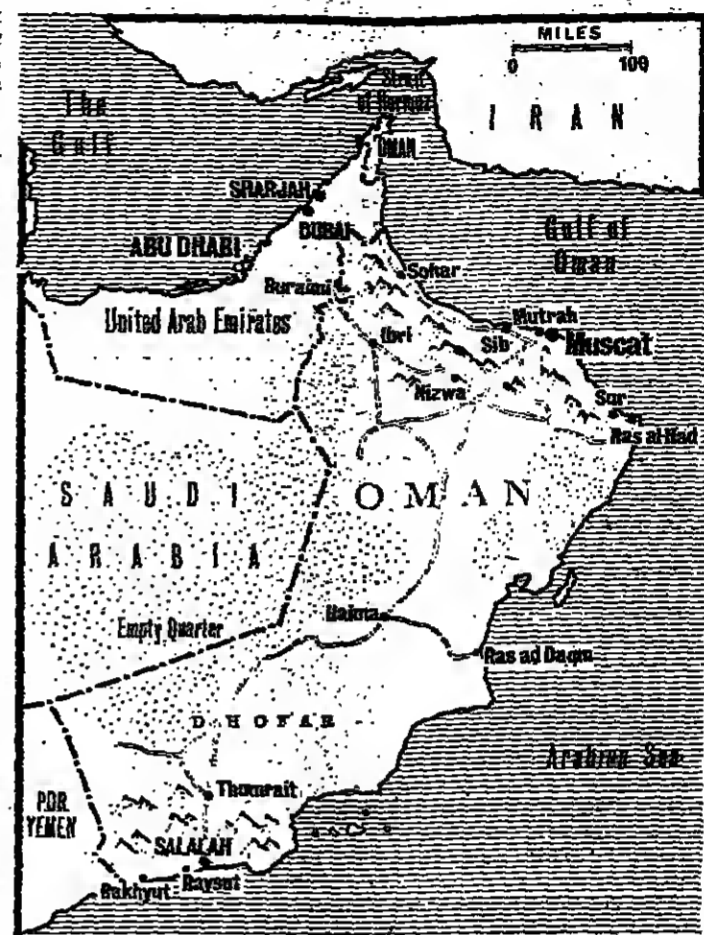
Whether the off-pronounced potential threat to the Straits of Hormuz is realistic (the Russians, who have a foothold in South Yemen, must be aware that to try to close the entrance to the Gulf would be tantamount to a declaration of war on the West, with all that implies in terms of nuclear retaliation) it is taken very seriously by both Saudi Arabia and Iran. Both have shown themselves glad to help Oman defend itself, the former primarily with money, the latter mainly with troops, aircraft and logistics support.

The PDRY's accusation that Oman is not a sovereign State, a reference to the numbers of foreign forces who have been on its soil recently, is becoming out of date. The British RAF left Masirah, its staging post on the island at the south east corner of Oman, at the end of March and Oman ceased to be the only Arab state to provide a Western power with a military base. Facilities have not been offered to anyone else (talk of the U.S. using Masirah on the same basis as the British came to nothing), and since March Masirah has been the flying training school of the Sultan of Oman's Air Force (SOAF) and only SOAF aircraft have used it.

The bulk of the Iranian forces who at their peak numbered about 4,000 left Dhofar early this year. The need for them had dwindled but the main reason for their departure was probably the Shah's desire for better relations with the Arab states of the Gulf, who always resented this extension of Iranian military influence into the Arab world—even though the Arab states only Jordan actually helped Oman militarily during the war. Now only an Iranian brigade headquarters and some air defence personnel remain in Dhofar, although the Hercules aircraft of the Iranian Air Force still help transport the Omani forces.

Sultan Qaboos took the opportunity of the RAF's departure to split the former Sultan's Armed Forces (SAF) into three services, the Sultan of Oman's Land Force, Air Force and Navy. The change marks a new departure for the armed forces. For the first five years of the Sultan's rule the emphasis was on winning the war in Dhofar. Now they can concentrate almost totally on Omanisation.

Training of the first Omani pilots in Oman began this year, and Omanis are gradually taking over more and more senior posts in the army, as any developing country, and Britain has 77 officers and 64 NCOs on loan to the army



alone, and while service in Oman is regarded by the British Army as good experience, breaking the monotony of Salisbury Plain and Northern Germany, Britain does not want to have too large a military commitment in an area where it has less and less control over events.

The objective is to phase out the loan service personnel over an undisclosed but fairly lengthy period of time. By the end of this year two groups of men on direct assistance (paid for by Britain rather than Oman) are to be pulled out: they are a company of engineers and a medical team. About 15 men from the Special Air Service Regiment are likely to stay on for counter-insurgency training. But both the loan service men and the direct assistance groups are outnumbered by the men on contract (critics call them mercenaries). In the army alone there are 124 officers and 74 NCOs on contract, mostly British. For them the main incentive is the pay and the chance to save.

Though the large British presence in the armed forces may seem something of an anachronism in the late 1970s, almost every developing country requires expatriate assistance to create modern and efficient forces, even if, unlike in the case of Oman, the nucleus of a modern force was created in colonial days. Oman has a particular need of expatriate assistance partly to offset the Soviet, East German and Cuban advisers in the PDRY, and partly because, as in every other field of Omani activity standards of education and experience are so low.

Unlike many armies the Omani army has the experience of fighting and winning a counter-insurgency war. But during the Dhofar conflict all command decisions were made by the British officers, who also took all responsibility for logistics and staff matters. The task now is to train an army which is both professional and organised by Omanis. One of the main problems is of education: secondary schools only recently having come into operation, so the minimum standard for officers is only Arabic Standard 1, about equivalent to the 11-plus. The aim is gradually to raise educational standards by imitative tests which should be passed when officers are promoted.

Expatriates

The aim of Omanisation is to move expatriates out of command and administrative posts as soon as trained Omanis are available. In practice this can be achieved more quickly in the eight infantry battalions (almost all of which are now commanded by Omanis) than in the more complex artillery, armoured car and signals regiments. Eventually all command posts will be held by Omanis with a parallel structure of British officers and NCOs in training functions running alongside. The army hopes that the British officers can be removed from all established posts within three years, but a training team of four years, but a training team of some kind may be needed for about ten years.

force, but to protect the of Oman's air space.

At the northern end of Masirah island, the British staging post, once by RAF VC 10s and bombers, now has a fairly drum existence as a flying school. The first six pilots are being trained seconded and contracted to fly BAC Strikemaster; have flown solo and have done about 80 hours Masirah. When they are they will either move Hunters or transport a and at some point in the to Jaguars. More trainees are in the pipeline and I hopes eventually to have intake every six months also 110 Omanis at SOAF nical school and 200 boys school.

The establishment of Jaguar and Rapier squadrons pushing total numbers Air Force up to about 1, year. (The army has 12,000). The 450-strong is also expanding, acquiring more fast patrol boats, a total of seven, as well as craft.

There is not much do the Sultan has an affect military hardware for sake and is proud—as a must man—to have the most powerful forces in

But he is also clearly his appreciation, that t potent threat to Oman likely to be some internal subversion (the formal attack. Two of th three avowed aims are with the internal security and perform counter-insurgency tas third is to deter an enemy). In their first t they are backed by t who, rate in role and l as a paramilitary for aim being to keep e-very lawless country u control.

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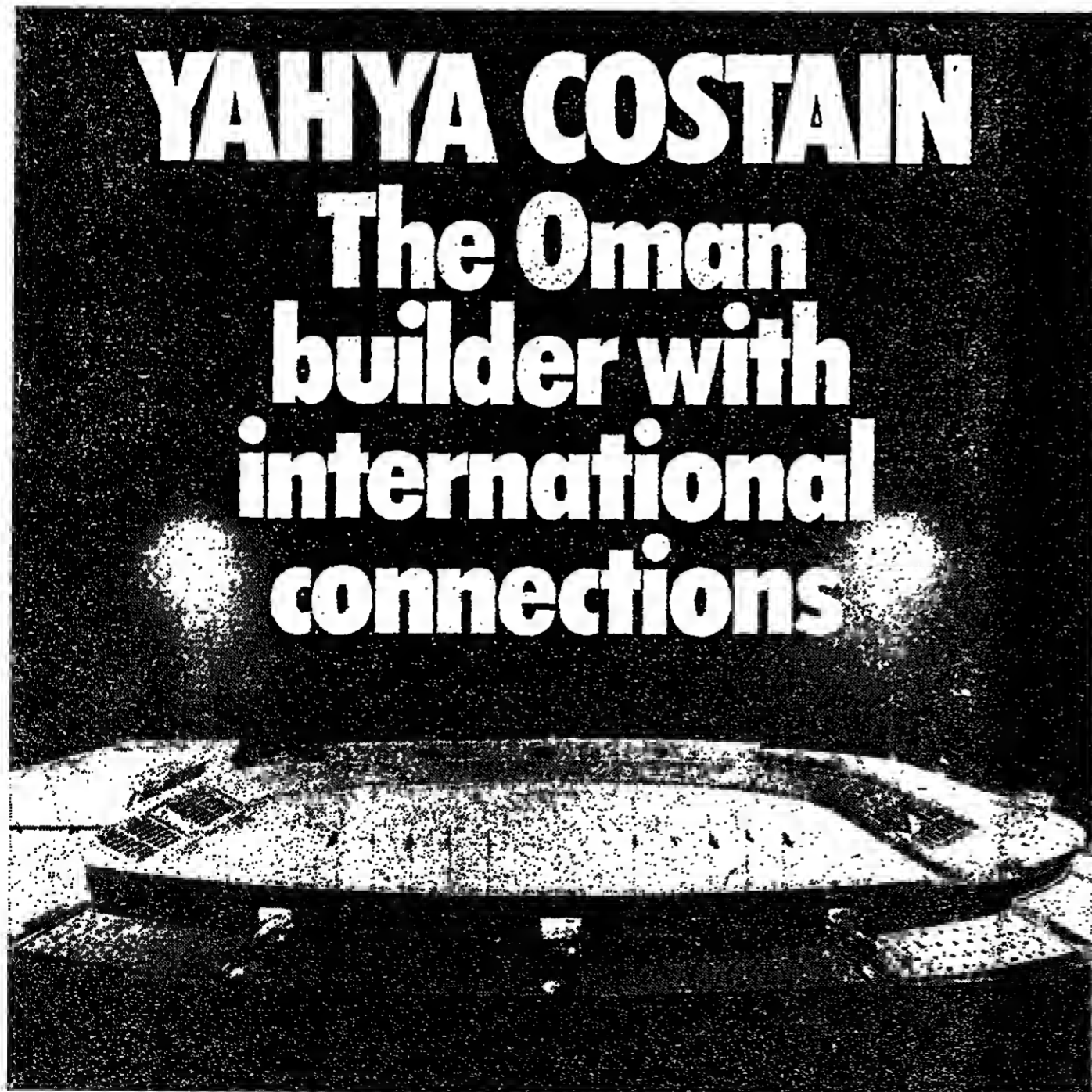
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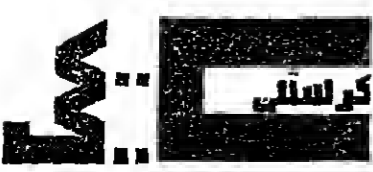
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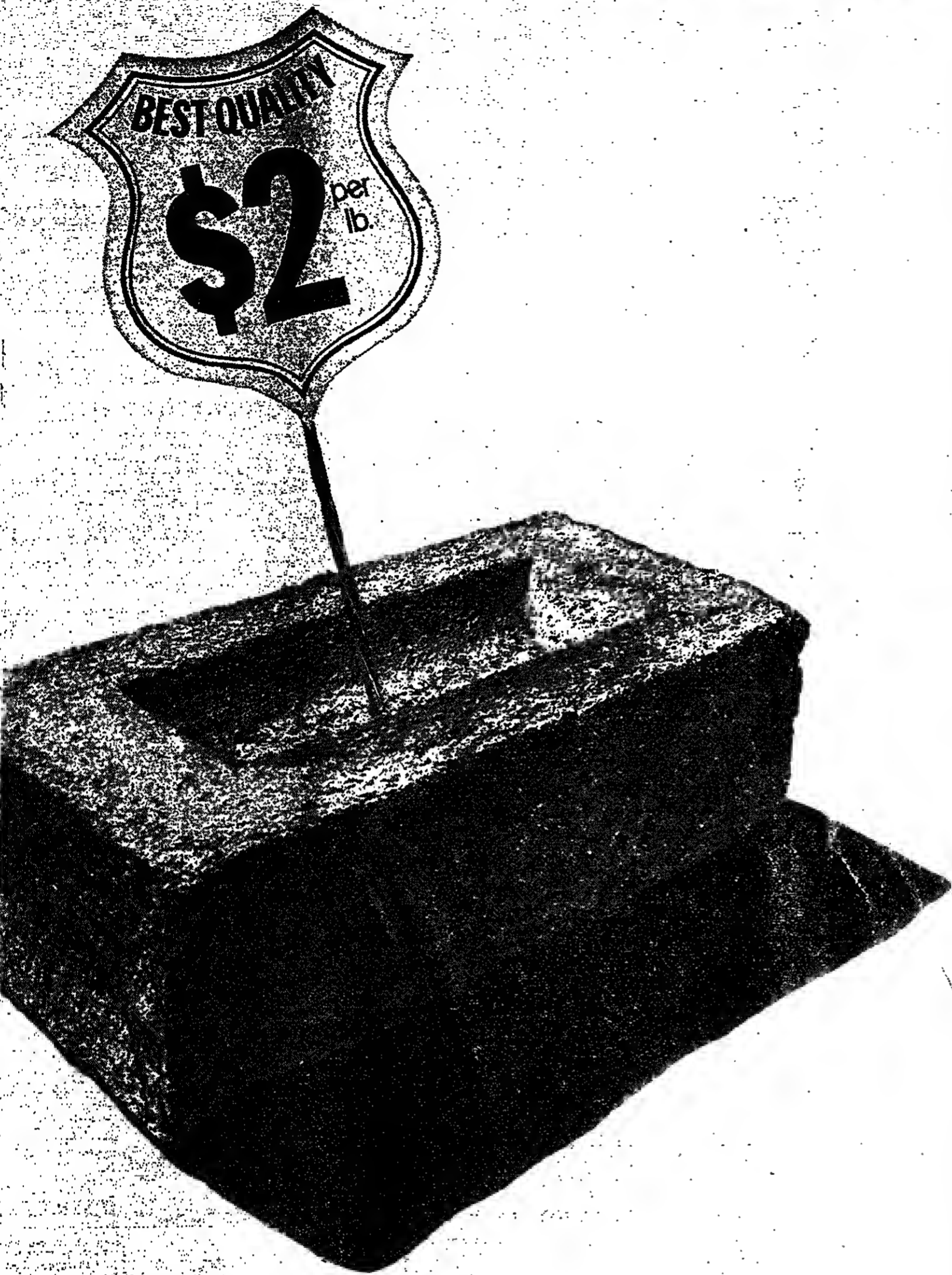
builders of airports the world over and projects like Dubai's great harbour complex, the tallest buildings in Lagos and Melbourne, Hong Kong's cross-harbour tunnel and London's Thames flood barrier.

Yahya Costain. Providing international expertise together with the specialised knowledge of the local builder. A powerful combination.

YAHYA



When was the last time the price of frankfurters in Detroit affected the price of bricks in Swansea?



Over the past ten years Hanson Trust's growth rate has been little short of startling. Much of our growth has come from investment in industries which are considered cyclical. We'd like to clarify our position on the question that is often raised about Hanson Trust's supposed reliance on cyclical earnings.

The Hanson Trust insurance policy

As a specific policy Hanson Trust has invested in companies in basic, staple industries such as building materials and agriproducts. And while we can be said to be committed to some cyclical industries, because our investment has been broad both in terms of activity and area of operation, Hanson Trust has a distinct advantage: the profits from one industry in one country will offset uncertainty in another. The fact is that the price of our frankfurters in Detroit is not affected by the price of our bricks in Wales. In that lies one of Hanson Trust's corporate strengths.

There is more to a company than bricks, mortar and machinery

In pursuing our policy of investing in companies in basic markets, we have been extremely selective. We have only been interested in companies committed to growth through good management. What is more, we are not about to relinquish the hard won positions most of our companies have achieved. We want those companies to stay with us and grow with us.

How Hanson Trust found success where others found failure

The USA has been the graveyard of many foreign enterprises. This has made many UK companies extremely circumspect about establishing off-shoots there. But Hanson Trust's policy of buying into basic markets with companies which have management potential, has brought a very gratifying measure of success. For instance, Hanson Trust own a meat processing company and an animal feed-stuffs company in the USA. Both are in basic industries and both are contributing significantly to Hanson Trust profits. In fact last year over 60% of our profit was generated in the United States. How many other British companies do you know who have had this level of success across the Atlantic?

Foresight Saga

One last point.

It wasn't an accident that Hanson Trust chose (against all conventional patterns) to invest in the US in 1973. It was the deliberate result of careful market and economic analysis. And while others are now following into the US market, Hanson Trust is solidly entrenched and reaping the rewards of its investment analysis and management creativity.

This depth of expertise and original business thinking is applied to every facet of Hanson Trust's operation. And that gives Hanson Trust a unique strength. Although we don't have a crystal ball and can't guarantee the future, shareholders must be reassured to know that Hanson Trust's emphasis on good management means that there will always be the expertise available to make the most of every growth opportunity.

Hanson Trust

The industrial management company where people are as valued as assets.

NEWS

Gold Fields starts coal mine

Gold Fields, the London-based mining group, has started a coal mine in the Cornish tin boom of the last century...

Oakbridge is doing well

PROFITS of Australia's Oakbridge coal tin and industrial group for the past four months of the current year to June 30 are well ahead of those for the same period of 1976...

HEWIDEN-STUART

Hewiden-Stuart has acquired the assets of the quarries and its associates in Scotland for a cash consideration...

ASSOCIATES DEALS

J. Henry Schroder Wagg & Co. sold 28,219 Edinburgh and Dundee Investment Trust Ordinary shares at 148p on behalf of associates...

BIDS AND DEALS

Talks on again for Federated Chemical

Talks are on again for a possible takeover bid for Federated Chemical Holdings, the chemical, pharmaceutical and minerals trading group...

MIDLAND CARPET BUYS CHESHIRE OF BRIDGEND

Midland Carpet Distributors announces that it has now agreed terms with the receiver of the Gainsborough Group of Companies in relation to the Cheshire of Bridgend depot...

STRAYFIELD PURCHASE

Strayfield International, the Reading-based manufacturer of high power dielectric heating and drying equipment used in paper and board, food, and textile industries, has acquired a 60 per cent holding in Wiles Engineering, of Edinburgh, East...

CITY HOTELS

City Hotels Group has acquired the freehold of the Montana Hotel, 27 Gloucester Road, S.W., and has disposed of its leasehold interest in the Richmond Hotel, 25, Cranley Gardens, S.W.

BICC/DORMAN

Acceptances of the recommended offer on behalf of BICC for the capital of Dorman and Co. have been received from the holders of over 96 per cent of the Ordinary capital, over 95 per cent of the 'A' capital and over 90 per cent of the Preference capital...

NO PROBE

The proposed merger between Ceston Industries and Wood Easton Holdings is not to be referred to the Monopolies Commission.

NEWALL MACHINE

Acceptances received by B. Elliott in respect of his offer for Newall Machine Tool amount to 127,330 shares (84.88 per cent.).

Share stakes

British Industries and General Investment Trust: Guardian Royal Exchange Assurance Group notified that Metropolitan Trust Company has bought £15,000 5 per cent. cumulative Preferred stock making total £26,000 (8.67 per cent.)...

SHARE STAKES

Karocera Tea Holdings: British Borneo Petroleum Syndicate bought on November 8 3,000 shares making its interest 100,500 shares (19.95 per cent.)...

BIS growth continues

Current turnover of Buisness Intelligence Services Group is running at an annual rate of over £3.4m. and Mr. Brian Allison, the chairman of this privately-owned company...

Talks on 'spur' initiative for industry

THE BRITISH Institute of Management is holding discussions on its recently-launched 'spur' initiative with 10 other specialist and professional management organisations...

Unilever results

for the third quarter and first nine months of 1977, and the interim Ordinary dividends

COMBINED RESULTS (£ millions)

Table with columns for Third Quarter 1977, 1976, Increase/Decrease, and Nine Months 1977, 1976, Increase/Decrease. Rows include Sales to Third Parties, Operating Profit, Total Concern Profit Before Taxation, and Total Concern Profit Attributable to Ordinary Capital.

Exchange Rates: As has been our practice the results for the quarter and the first nine months and the comparative figures for 1976 have been calculated at comparable rates of exchange...

Accounting Policies: As we explained in two previous quarterly announcements we have, in our reporting prior to 1977, made no distinction between associated companies which are minority shareholdings where we have a significant influence in management and trade investments where we have not...

RESULTS: The September quarter was a poor one, especially in comparison with the good results for the corresponding period of 1976. The sales increase was largely accounted for by price rather than volume...

DAVID DIXON & SON HOLDINGS LTD. TEXTILE MANUFACTURERS Interim Statement for the year ending 31st March 1978

Table with columns for Six months to 30.9.77, Six months to 30.9.76, and Year ended 2.4.77. Rows include Group turnover, Net Profit before Tax, Net Profit after Tax, Earnings per Share, Proposed Interim Dividend, and Pre-tax profits increased by 117 per cent.

CHAMBERS & FARGUS LIMITED (Producers of Edible Soya Protein, Seed Crushers and Edible Oil Refiners)

Improved results: The Annual General Meeting was held on 14th November 1977 in Hull. The Chairman, Mr. G. H. Elliot, presided and the following is a summary of his additional remarks: I have little to add to my chairman's report...

BELL & SONS LIMITED logo and text

Table with columns for 6 months to 30th June 1977, 6 months to 30th June 1976, and Year to 31st December 1976. Rows include Sales, Operating Profit, and Earnings per Share.

Interim dividend of 4.4182 pence per share is proposed for the six months to 30th June 1977. The current tax-adjusted dividends paid in the six month period 1977, amounted to £8,000 (year to 31st December 1976)...

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

Kennecott going ahead with Carborundum bid

By Stewart Fleming

FEARS THAT THE Board of Kennecott Copper might reject proposals to buy the abrasives manufacturer, Carborundum, for \$830m, receded to-day when Carborundum announced that it had been informed that Kennecott's directors had unanimously approved the proposal.

The announcement came after intense speculation on Wall Street that the Board of Kennecott was split over the proposed acquisition for cash of Carborundum by the cash-rich copper company.

Share analysts, running their slide rules over the two companies, have come to the virtually unanimous view that the \$66 a share which Kennecott is prepared to pay for Carborundum makes it an expensive acquisition. Indeed, there are suggestions that some Kennecott shareholders may go to court to try to overthrow the deal.

Carborundum had sought out a buyer following an unwelcome takeover bid from the Cleveland-based automotive ad power transmission manufacturer Eaton Corporation which had offered \$47 a share.

Eaton said to-day that if the Kennecott offer went through, it would not proceed with its efforts to acquire Carborundum.

Amex backs new system

By John Wyles

NEW YORK, Nov. 16. MOVES TO CREATE an electronic link between United States securities markets have gained an important new adherent in the shape of the American Stock Exchange.

Amex has announced that it will join the New York Pacific, Philadelphia and Boston Exchanges in the new system which is due to be created next spring. Its support strengthens the credibility of an effort designed to stave off the imposition of a national market system designed by the Securities and Exchange Commission under pressure from Congress.

The SEC has been told that progress towards such a national system, mandated to a 1978 securities law, has been slow and that it should take the initiative to move things along. As a first step it has proposed abolishing restrictions on trading off the floor of the New York Stock Exchange from January 1.

This proposal is being widely opposed by the securities industry which claims that it should only be implemented in the context of an overall plan for a national market. The electronic link plan has been devised by the New York Stock Exchange as a demonstration that the industry is taking Con-

Chrysler sues Fedders Corp.

By Our Own Correspondent

NEW YORK, Nov. 16. CHRYSLER CORPORATION, the nation's third largest car manufacturer, is seeking damages of more than \$400m from Fedders Corporation, the company to which Chrysler sold its money-losing Airtemp division in 1976.

Chrysler sold Airtemp, which made non-automotive air conditioning units, as it was emerging from the severe financial crisis which hit the company in 1975. It realised \$59m, in cash and notes from the sale which, as well as contributing to Chrysler's stretched treasury, also removed a drag on the company's earnings.

Fedders is also a manufacturer of air conditioning systems. Earlier this year it became apparent that the two companies were in dispute over the sale. Chrysler alleged that Fedders was refusing to meet some obligations under the agreement.

The suit Chrysler has filed alleges in part that Fedders has not paid it the money it owes to Chrysler, and that, for example, it has failed to make the required interest payments on a 12 per cent note of about \$10.5m, which was part of the purchase agreement.

Fedders, for its part, has said it removed the note as a liability on its books because of alleged deficiencies in the assets acquired from Chrysler.

Chrysler is also alleging in its suit that Fedders has "unlawfully and fraudulently" tried to destroy Airtemp's operations in order to eliminate competition for Fedders. The suit also claims that Fedders failed to make good on an agreement to purchase certain foreign subsidiaries of the Airtemp division, thus forcing those subsidiaries out of business.

Corco loss "likely" in fourth quarter

By Our Own Correspondent

COMMONWEALTH Oil Refining Company (CORCO) said that it is likely to report a loss in the fourth quarter of this year, following a third quarter profit.

Reuter reports from San Antonio, Tex. the company said that recent improvements in operations had been offset by higher raw material costs, and a further weakening of the petrochemical market was expected to have a negative effect on fourth quarter results.

It also anticipated that entitlement values would fall significantly and have an additional negative financial effect.

Grace ends Sambo talks

By Our Own Correspondent

NEW YORK, Nov. 16. SAMBO'S Restaurants, a rapidly growing California-based fast food chain, has lost one of several potential suitors following the withdrawal from exploratory acquisition talks of W. R. Grace, the international chemical company.

This ends at least one episode in a lively three months for Sambo's during which acquisition talk pushed its share price to a high of \$27. On this trading day it was once or twice been the most heavily traded stock on the New York Exchange, but the fading of acquisition hopes coupled with lower-than-expected third-quarter profits and an informal Securities and Exchange Commission investigation into the company's financial reporting has helped depress the share price to the low \$20s.

American Express and Disney end talks

By Our Own Correspondent

LOS ANGELES, Nov. 16. AMERICAN EXPRESS Company and Walt Disney Productions have discontinued talks in which the combination of the two companies was considered, agencies report.

Reports of a possible tender offer were completely untrue, the companies say.

France drops dividend restraint

By David Curry

PARIS, Nov. 16. THE FRENCH Government has confirmed privately that it intends to lift dividend restraint next year to encourage investment. It also looks as if companies which "hoarded" dividend increases this year in order to stay within the limits will be able to pay them out in 1978.

This confirmation ends a week of confusion on the Bourse since R. Robert Boulin, who is the Prime Minister's No. 2 in financial matters, told a conference that the official recommendation on a dividend restraint would be renewed in 1978.

Restraint has taken the form of permitting companies to pay in dividend in 1977 at the most 6.5 per cent more than the amount paid out in the best of the previous three years. The 6.5 per cent figure was the general norm adopted by the Government for the increases in price and profits during 1976. It has been accompanied by a severe limitation on real wage increases and the Government's intention to repeat the wage controls in 1978 led some observers to believe that it would be politically necessary to maintain a "voluntary" dividend control.

Companies have already been served notice by the Prime Minister, M. Raymond Barre, that they can expect only gradual relaxation of price guide lines in 1978 (at this moment the Left does not win the General Election next year and return to a broad price freeze).

Furthermore, with France's trade balance still in deficit and the rate of inflation likely to end the year barely under 10 per cent, rather than the 8.5 per cent hoped for, there seems little reason for industry to look forward to any easing of interest rates.

In fact, over the past fortnight, rates have tightened up by a full point and day in day money has started reaching 9 1/2 per cent again.

This move was provoked by the renewal of pressure on the franc following the announcement of a 1/2 (0.5 per cent.) September increase in the price index.

EUROBONDS

A more active session

By Francis Ghiles

THE MARKET was a little more active yesterday than earlier on in the week despite the holiday in Germany. The U.S. dollar sector was mixed while the Canadian dollar sector moved up by about 1 per cent, over the day. The ECSC bonds opened at 100.000, they eased 1/4 or so, finishing the day at 100.100. Turnover however appears to have been lower than on Monday, with dealers saying they felt the issue had settled down.

Demand for Total Martoe's £25m of seven year notes is running at lower levels than that for the ECSC bonds last week, which is not entirely surprising. But it is as yet too early to predict whether any adjustment in the terms will be necessary.

Meanwhile Dill'n Read Overseas Corp is arranging a \$28m private placement of 8 1/2 per cent 15-year issue which will bear a coupon of 4 1/2 per cent, and be convertible at par.

	Yesterday	Thursday
Medium	101.39	101.19
Long	94.48	94.45
Convertible	107.40	107.92

GERMAN COMPANIES

Muenchener Rueck. advance

By Guy Hawtin

MUENCHENER RUECKVERSICHERUNGS-GESellschaft, the Munich-based reinsurance concern, is expected to repeat its 18 per cent dividend for the current 1977-78 business year. The chief executive, Herr Horst Jannot, made this confident prediction with the proviso that business showed "no extraordinarily negative developments" during the 12 months.

For the current year, the group is expecting a growth in premium income of between 10 and 11 per cent. Once again, overseas growth is expected to exceed that in the domestic market. Foreign premium income is forecast to rise by 12 per cent, down on 1976-77's 16 per cent.

Once again, some loss is expected in the reinsurance sector, although this should be more than compensated by a strong general insurance business.

Net earnings for 1977 are expected to amount to DM33.7m. (€23.4m.) three quarters to DM17.750m. DM1.076m. up 32 per cent from of the previous business year. The loss on the reinsurance side rose enough for the management to recommend a 1977 dividend higher than 1976's five marks, 27.4 per cent. The company did not give any earnings figures. For 1976, VW reported a net profit of AP-DJ

VW promises higher payout

By Our Own Correspondent

WOLFSBURG, Nov. 16. VOLKSWAGENWAGNER AG (VW) said in an interim report that sales rose 12 per cent in the first three quarters to DM17.750m. DM1.076m. up 32 per cent from of the previous business year. The loss on the reinsurance side rose enough for the management to recommend a 1977 dividend higher than 1976's five marks, 27.4 per cent. The company did not give any earnings figures. For 1976, VW reported a net profit of AP-DJ

Ato Chim takes 34% stake in Rousselot

By Our Own Correspondent

PARIS, Nov. 16. ATO CHIMIE SA will take a 34 per cent stake in Rousselot SA, the Bourse at Frs.540 per share giving it a 24 per cent blocking stake in the company. Rousselot-Ato C. statement said.

The transaction, to take effect after approval by an ordinary general meeting of Rousselot shareholders, was announced on November 25, following a joint statement by the two companies.

Société Française des produits chimiques (Sofachim) has bid for 66.7 per cent of Rousselot, and said it would be able to do so, despite the fact that the lists of Ato Chimie shareholders referred to Ato statement are the 1st lot family, which holds 34.5 per cent shares.

The statement said it chase, worth Frs.110.7m enable Ato-Chimie to its activities, until now based on heavy petrochemical.

Tonga profit moves ahead

By Richard Rolfe

TONGAAT GROUP, which usually accounts for about 9 per cent of South African sugar production, but which occupies an important situation in the industry by virtue of its 24.5 per cent shareholding in the much larger Hulets Corporation, has reported a modest rise in operating income from R8.6m. to R7m. for the six months to end September. Like other sugar producers, Tongaat brings half its estimated profits from sugar in the building materials division.

In order to smooth out fluctuations in earnings which would otherwise arise when the crop is harvested. After marginally higher tax, the above earnings marked time at 29.7 cents, but the Board forecasts some improvement in the full year over the previous 61.8 cents total. The main reason is that a record cane harvest is expected to rise from 122,000 tonnes to 222,000 tonnes. This will raise the group's earnings from sugar, offsetting a decline in the building materials division.

Foreign interest in Danish bonds

By Hilary Barnes

COPENHAGEN, Nov. 16. FOREIGN INVESTORS have taken an increased interest in Danish bonds this year, with net sales abroad in the first three quarters coming to Kr.1.279bn. (about £128m.), which is more than the past five years together.

Government bonds, which carry an effective interest rate of about 10 1/2 per cent. There is less interest in mortgage bonds, although these sometimes give a higher yield.

The investor interest springs from the large margin between Danish and comparable bonds this year, although share prices have remained fairly stable over the year.

Dutch, Belg banks link

By Our Own Correspondent

NEDELANDSCHE STANDBANK, which has agreed with bank of Brussels for a stake of about 10 per cent in the share capital, Reuter report Amsterdam.

NMB will increase its current F15.75m. to F15.5m. by means of a placement of shares at above levels with Kredietbank on a similar basis. The Board told a shareholders meeting.

Barone was freed, agreed to co-operate.

CREDITANSTALT — BANKVEREIN
U.S.\$40,000,000 Floating Rate Notes 1984

Notice is given pursuant to condition 3 (d) of the terms and conditions of the above-mentioned Notes that the Rate of Interest (as therein defined) for the Interest Period (as therein defined) from 18th November, 1977 to 18th May, 1978 is at the annual rate of 7 1/2 per cent. The U.S. Dollar amount to which the holders of Coupon No. 2 will be entitled on duly presenting the same for payment on 18th May, 1978 will be U.S. Dollars 38.34, subject to such amendments thereto made by European-American Bank Trust Company as Principal Paying Agent (or appropriate alternative arrangements by way of adjustment) made by the Principal Paying Agent, with the consent of Lloyds Bank Limited as Trustee without further notice, in the event of an extension or shortening of the above-mentioned Interest Period.

EUROPEAN BANKING COMPANY LIMITED
(Agent Bank)
17th November, 1977

Transco Exploration Company
A Subsidiary of Transco Companies Inc.

\$200,000,000 Production Loan
Due 1982

CITIBANK, N.A. THE CHASE MANHATTAN BANK
CONTINENTAL BANK MANUFACTURERS HANOVER TRUST COMPANY
MORGAN GUARANTY TRUST COMPANY REPUBLIC NATIONAL BANK
IRVING TRUST COMPANY FIRST CITY NATIONAL BANK
TEXAS COMMERCE BANK UNITED CALIFORNIA BANK
THE BANK OF NOVA SCOTIA HOUSTON NATIONAL BANK

CITIBANK, N.A. AGENT
October 20, 1977

Land Securities
Interim results

The Directors announce that the unaudited consolidated results for the six months ended 30th September 1977 are:

Year to 31.3.77	(Figures in £000's)	Six Months to	
59,667	Total gross income	30,977	30,976
43,562	Income from completed properties (Note 1):	31,018	28,062
22,036	Net rents and interest receivable	22,583	20,178
21,526	Less: outgoing and expenses	10,005	10,842
8,863	Less: Interest payable	12,578	9,336
12,663	Income before taxation	6,540	4,855
7.90p	Less: Taxation (Note 2)	6,038	4,481
6.71p	Net income from completed properties available for distribution	3.13p	2.79p
	Earnings per share:	3.00p	2.60p
	Basic (Note 3)		
	Fully diluted		

NOTES

- Income from completed properties includes £3,954,000 (1976: £2,528,000) interest receivable on deposits.
- The taxation charge for six month periods is computed at 52% whereas the charge for the year reflects relief arising from capital allowances.
- The basic earnings for the period reflect the issue of approximately 32.8m Ordinary Shares of 50p on the conversion of Convertible Unsecured Loan Stocks in September 1977.
- Net outgoing after taxation attributable to development properties, amounting to £2,162,000 (1976: £2,399,000), are offset by a transfer from Capital Reserve. The unrealised exchange movement of the US dollar loan is also dealt with through Capital Reserve; for the period, there is a gain of £735,000 (1976: loss £5,410,000).

An interim dividend of 1.5p net per share, 2.273p gross (1976: 1.5p net; 2.308p gross) has been declared and will be paid on 15th December 1977 to holders registered on 18th November 1977. The net interim dividend payable amounts to £2,896,000 (1976: £2,405,000), reflecting the conversions in September 1977.

The supplementary final dividend of 0.05p net per share for the year to 31st March 1977, payable on the Ordinary Shares in issue on that date in accordance with the Resolution passed at the Annual General Meeting held on 19th July 1977, will be paid on the same date as the interim dividend to holders registered on 30th September 1977.

THE LAND SECURITIES INVESTMENT TRUST LIMITED
Devonshire House, Piccadilly, London W1X 6BT

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SE NEWS

Se in domestic traffic costs JAL and ANA

SHIBATA A RECORD in September total domestic traffic was up 23.4 per cent to 4.2m. passengers...

Bank of Tokyo faces U.S. loss

TOKYO, Nov. 16. THE BANK OF TOKYO's wholly owned U.S. subsidiary, the Bank of Tokyo Trust Company...

se companies' results for half-year to September 30

Table with columns: Company Name, 1977 Sales, 1976 Sales, 1977 Profit, 1976 Profit. Includes entries for Industry Co., Ship Co., Milk Products Co., etc.

Comparisons not available; the company has not previously issued first-half figures.

Industry Company Sanko Steamship Company for that its net profits...

M-TERM CREDITS

Electricité de France raising \$400m.

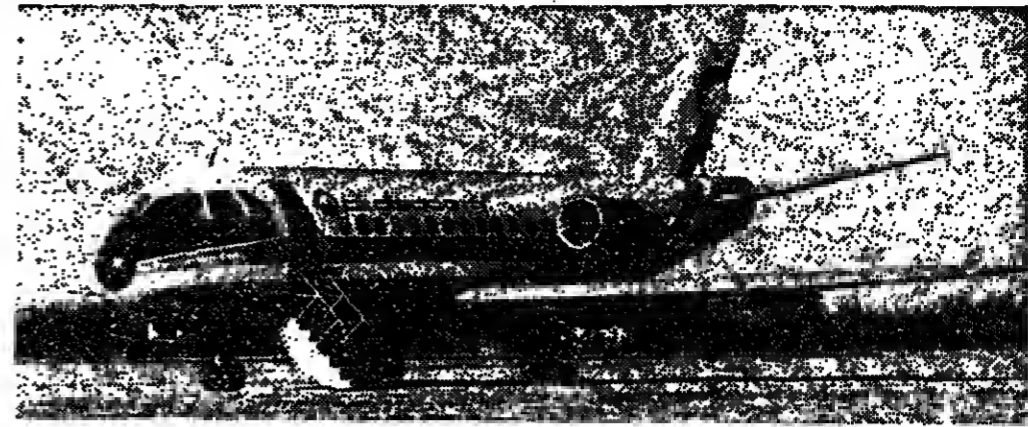
PARIS has been raising \$400m. for Electricité de France in the form of a 12-year loan...

to raise \$100m. for the Foreign Trade Bank at a split rate of 1 per cent for the first two years...

A DOUBTFUL FUTURE FOR THE VFW 614

Learning the hard way

BY ADRIAN DICKS IN HAMBURG



The VFW 614 short-haul jet airliner.

CANCELLATION of the VFW 614 short-haul jet airliner programme, now being openly mooted by the management of the VFW-Fokker group itself...

of the powerful IG-Metal trade union. Both are concerned for jobs at the VFW Bremen plant...

U.K. companies tax call

BY P. C. MAHANTI CALCUTTA, Nov. 16.

SOME 90 OUT of a total of 105 secretaries or agents is related to sterling companies...

Profits rise at Elco

BY L. DANIEL TEL AVIV, Nov. 14.

ELCO—Israel's largest producer of transformers—reports that its operating profit for the fiscal 1976-77 rose 18 per cent...

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS. Table listing various bonds and their prices.

Advertisement for Saitama Bank featuring a woman and the text 'The unsecret of success'.

Table with columns: Country, Bond Name, Price. Includes entries for Australia, Canada, Colombia, etc.

Advertisement for Saitama Bank with text: 'ly and efficient service in a dynamic economy...'.

Weekly net asset value on November 14th, 1977. Tokyo Pacific Holdings N.V. U.S. \$ 41.23. Tokyo Pacific Holdings (Seaboard) N.V. U.S. \$ 30.06.

Large advertisement for Marathon Petroleum Ireland Ltd. featuring 'KINSALE HEAD GAS FIELD DEVELOPMENT FINANCING' and 'U.S. \$100,000,000'.

THE JOBS COLUMN

Where responsibility for employment rightly belongs

BY MICHAEL DIXON

DESPAIR STRUCK the late General Sir Ian Hamilton one day when he was second in command of an Army operation overseas. For months his chief and himself had both been putting in a 12-hour working day. But now he had been told that the chief was being posted away and would not be replaced. He would never be able to cope with the work on his own, Sir Ian felt.

What happened was that his working day dropped to about six hours. That proved to be quite long enough for completing the essential tasks of the combined job, leaving plenty of time for leisure activities and for just sitting around thinking. One of Sir Ian's first thoughts was why the same job, when split between two people, had regularly taken four times as long to do. He could conclude only that the previous slavery had largely been caused by him and his chief creating unnecessary work for one another.

The story—told in Sir Ian's book, *The Soul and Body of an Army*—came to mind the other day when I read the latest plan for employment published by the Manpower Services Commission. The document declares, "I would not wish to see a growing tolerance of high unemployment, either by individuals or by society as a whole."

This immediately raises two questions, the first of which is: who is the commission anyway? And I can answer it.

Formed by the late Conservative Government to take over the job-placement and training responsibilities of the Department of Employment, the Manpower Services Commission has since been given other tasks, most noticeably the provision of emergency measures to counter joblessness, particularly among youngsters. It is now also much concerned with developing this country's employment policy. Although spending nearly £581m. of taxpayers' money this year and staffed by more than 25,000 civil servants, the MSC is less subject to parliamentary control than regular Whitehall departments are. Instead of being headed by an elected Minister, it is governed by a body of three nominees from the Trades Union Congress, three from the Confederation of British Industry, two from local authorities, one from professional education, and a Government-appointed chairman.

Worrying

So there is no self-evident reason why the commission should not wish to see a lack which makes the tone of the MSC's report seem somewhat worrying. For although I feel sure most of us would prefer employment policy towards the end of productiveness, leaving individuals the maximum choice as to how they spend their lives, the commission appears inclined to favour occupying people's time. Indeed, it sometimes discloses a missionary zeal which might lead a casual observer to suspect that the only creature whom it would ideally like to see less than fully occupied is the devil who, by tradition, would otherwise be employed.

Once again, of course, we are left with the question of quite how, and from whose point of view, this step which would cause people to spend more time in bureaucratically organised activity can be said to be more attractive and more positive. In short, employment policy is essentially a political matter.

Now, I have no wish to question the importance of the problems of employment which the Manpower Services Commission has become deputed to tackle. Having recently attended international discussions on the topic, at a conference sponsored by IBM in Brussels, I need no persuading that employment is a growing and increasingly complex dilemma for countries with market economies throughout the world.

It is, for example, a problem that seems bound to change radically in a few years' time. Over the next couple of decades, or so its main feature, as foreseen by professional planners, is that market economies will provide too few jobs for their populations, and that those most likely to go without are the young. Beyond that, the planners foresee the problem going into reverse: the main question becoming how a relatively smaller young population because more positive, is to will do enough work to support an increasing body of longer living older folk. It is also a potentially/ desolatingly oriented education and training for adults."

thought that, even if the developed western-type democracies overcame their own difficulties of employment, they would not be able to continue "co-existing peacefully" with underdeveloped market economies which, as a whole, are not providing enough subsistence-level employment for 40 per cent of their population.

Danger

So it may well be that the vital interests of the non-totalitarian world require the development of harmonious long-term employment policies, both national and supranational. But if these are to meet the need, they must surely be thought out comprehensively, with careful consideration of desirable ends and recognition that whatever means may be appropriate to achieving them. And I think that such a policy cannot be developed by deputising it to an agency like the Manpower Services Commission whose scope for action is limited by the territories of other State bureaucracies responsible for social security, education and the like.

Just as employment is not an end in itself, neither is it self-contained. It is deeply and sensitively inter-related with all aspects of economic and social policy. Take for instance the MSC report's assertion that "long-term unemployment itself has a corrosive effect on individuals (and their families) and if it continues it may make them unable to work." This belief is evidently underlies the commission's planned commitment to inventing and organising things for otherwise jobless young people to do.

But the sense of this commitment has now been challenged by the independent PEP research organisation, which last year made a follow-up study of 932 people who had been registered unemployed in 1973. The young were relatively unaffected by joblessness and had found new posts very quickly by comparison with their elders. More worrying was a strong link between continued unemployment and people with large numbers of dependants, including children being long exposed to the "corrosive" influence of living in poverty in a home where nobody worked. And the root of this connection seemed likely to lie in social security and unemployment benefits, the highest payments to people with numerous dependants causing them to require a higher wage for working than those with smaller families would readily accept.

The subtle intermeshing of employment with other concerns is also shown by the following example, which emerged piecemeal from the IBM conference. Most developed western-type democracies are experiencing an increase in demand by women for jobs outside the home, and

Employment measures always tend to tackle problems or create a situation that those they set employment policy is an agency of Government, the territorial limit normal Whitehall of And democracy sure that such an agency not by a corporate Cabinet Minister higher than department directly responsible ment.

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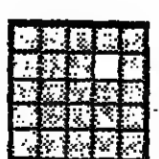
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Director of Finance

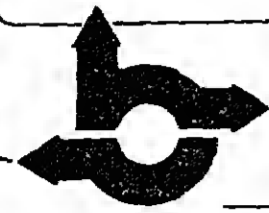
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Please reply, in confidence, to Box A 6156, Financial Times, 10, Cannon Street, EC4P 4BY.

APPOINTMENTS ALSO APPEAR ON PAGE 12

COFFEE AND RAW MATERIALS

Let leading coffee producers deny export quotas plan

By Richard Mooney

COFFEE PRODUCERS appear to be retreating somewhat from their recent campaign to force world prices. At an International Coffee Organisation (ICO) meeting in London yesterday, exporting nations' delegates tried to win back coffee from the market by agreeing to limit supplies to the world market in the first half of next year, as had been widely rumored.

This more conciliatory attitude might be forced on them by the recent stream of "bullish" propaganda emanating from producer sources — is seen as a sign to fear that the U.S. might be forced to withdraw from the International Coffee Agreement because of the political sensitivity of the coffee price issue.

The recent spate of producer threats to withhold coffee from the market has not affected coffee prices. Imports have been received by the coffee trade with considerable skepticism and had only a limited effect on prices. So the market's response to the earlier producer threats to withhold coffee from the market was to lower prices rather than to raise them.

Guatemalan coffee on the New York market has been puzzling many traders, but Sr. Montes said this must be coffee sold in London and now being traded by dealers.

Dealers were not entirely convinced by this explanation, however, as a similar thought had already occurred to them. The offer of the offerings have not dried up as had been expected.

"The country has not been an aggressive seller," one New York trader noted. "The offers are usually at or above the market."

Nearly London futures prices opened up to 244 higher yesterday against an anticipated rise of around 250. Dealers said the gains reflected the rise on Tuesday in New York rather than anything coming out of the London ICO meeting. Prices drifted during the day and by the close January position had slipped to 217, a tone, down 27 on the day.

Mr. Robert Boulin, the French Deputy Finance Minister, told the National Assembly that the French Government will order a 15 per cent cut in coffee exports. This follows two 10 per cent falls ordered since the summer as a result of lower world market prices.

Not convinced

The producers claimed yesterday that their talks were aimed at ensuring a steady flow of exports for the benefit of both producers and consumers. They said this could have been in a more accurate interpretation as meaning that they were seeking to impose export quotas.

Earlier, however, the Guatemalan delegate, Sr. Rene Montes, had denied that his country had sold any coffee since last month's "Other Middle" coffee meeting in San Salvador, at which an indefinite export ban was agreed.

Continued daily offerings of

Food price 'freeze' is backed

By Our Commodities Staff

AT A meeting in Whitehall yesterday leading U.K. food buyers' fears that changes by Mr. John Silkin, Minister of Agriculture, who is campaigning for a freeze on EEC farm support prices next year.

The move came when a delegation from the Food Manufacturers' Federation called on the Ministry for "informal and frank" talks about the British strategy at the new year farm price review negotiations.

Their leaders did, however, suggest that other means should be deployed to ensure that British farmers were not left with nothing from the review.

This was interpreted as a suggestion that the FNF had at last altered its solid stance against any devaluation of the "green pound" without fundamental changes in the national EEC currency in which farm prices are calculated, would ensure price rises for British producers.

Irish, French and Italian farmers had also called for price rises through similar adjustments.

FARMLAND OWNERSHIP - Institutions have only limited role

By Christopher Parkes

FINANCIAL institutions have only a limited role to play in British agriculture. The industry's report claims that ownership of land by institutions — including public and semi-public bodies — is only about 10 per cent of the total. A university survey undertaken in 1971 showed that then the public authorities, including nationalized industry, owned 8 per cent of the total. It was estimated that the financial institutions owned less than 0.5 per cent.

"Since that time financial institutions have purchased substantial amounts of land nevertheless, since only around 1.5 to 2 per cent of land changes hands in any one year, the spread of ownership by financial institutions has been relatively slow," the Country Landowners' Association concludes.

"We doubt if they own more than 2 to 3 per cent of all land at the present time."

Calling for measures to encourage the entry of new farmers in the enterprise, the association says land owners are willing to invest capital in their businesses if there is a prospect of security for the capital and a profit.

However, it adds: "Taxation policies (that is, Capital Transfer Tax) aimed at the redistribution of wealth destroy confidence in the individual's willingness to invest."

The association is also expected to provide further evidence before Christmas to the independent committee set up by Mr. John Silkin, Minister of Agriculture, last summer to discover in detail who owns British farm land.

Landlords

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on South foxes

Commodities Staff have started a shoot-out to bait the foxes along the South-East coast.

The Farmers' Union of Great Britain has a large number of areas where foxes are a problem. It is ever in get across from France.

A farmer 10 foxes all within mile of each other.

'Farmers borrowing too much'

By Christopher Parkes

IN THEIR ANXIETY to reduce their tax commitment by buying more land or new machinery, British farmers are in danger of over-borrowing from their banks, according to Mr. Peter Clery, agricultural manager at National Westminster Bank.

At a farmers' meeting in Bedford yesterday, Mr. Clery warned his audience to "keep their cool".

He was commenting on figures just released by the London Clearing Bank which showed a 35 per cent increase to the amount farmers borrowed in October compared with the same month last year.

Borrowings in the rest of the economy, he noted, had risen only 9 per cent in the same period.

The main reasons for the increase, he felt, were slow sales of the harvest, the relative lack of high prices for maling barley, and very low prices for potatoes.

Farmers were also "mopping up some liquidity" by machinery purchases designed to mitigate tax in the 1977-78 year together with borrowings to buy land at the recently sharply increased prices," he said.

Mr. Clery said: "My concern is always to caution against over-borrowing. I would be happier if farmers thought rather harder before going to the bank."

It was almost to easy to borrow money from the bank recently.

But, he stressed, the underlying structural of British agriculture remained very sound and he saw no immediate problems.

Potato growers given warning

By Our Commodities Staff

FARMERS have been asked to take "a little extra care" when grading the potatoes they send to market, following fresh falls in prices.

In its weekly report the Potato Marketing Board says markets are "amply" supplied, and buyers are tending to be more selective, preferring the better graded samples.

The prices slip last week followed an announcement that the Potato Board had stopped considering potatoes offered for its support buying programme.

Countrywide, producers' prices range between 228 and 250 a tonne. Retail prices are steady at 21p to 5p a pound.

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Malaysia lifts palm oil output

By Our Commodities Staff

Malaysia crude palm oil production for the first eight months of 1977, rose to 985,023 tonnes compared with 790,827 tonnes in the same period of last year.

Crude palm oil exports fell to 375,141 tonnes against 458,584 tonnes in the same period last year. But processed palm oil exports rose to 449,303 tonnes from 293,945 tonnes a year ago.

Reuter

World grain supply 'adequate'

Rome, Nov. 16.

WORLD GRAIN supplies for the coming season will be adequate, at reasonable prices, Mr. Bob Bergland, U.S. Agriculture Secretary, told the biennial conference of the UN World Agriculture Organisation here today.

This expectation, and a decision to ensure sufficient reserves to guard against supply shortfalls, underly his moves to reduce output of wheat and feed grains in the U.S. in the coming year, Mr. Bergland explained.

The U.S. Government expects its wheat output to fall 8-10 per cent, to the 1978-79 season, following its call to producers to reduce plantings, he said.

But despite this action, and plans announced for a modest reduction in U.S. feed-grain production, grain stocks will end the season at their highest levels since the mid-1960s, he said.

Plans for lower feed-grain output will, however, be reviewed before a final decision is taken in recognition of the uncertainties on world production for these crops, Mr. Bergland pointed out.

He said lower world grain prices as a result of recent large crops, and increased carry-over stocks, could if they persisted threaten long-term world output.

Some grains are selling on world markets at or below the long-run cost of production of efficient producers, he said.

Mr. Bergland of a Press conference earlier said Soviet grain purchases from the U.S. could push up U.S. wheat prices by 10 cents a bushel and maize prices by 5 cents.

He said the U.S. Government estimated the Soviet Union could buy around 5m. tonnes of wheat and 10m. tonnes of maize, soya beans, and other cereals from the U.S. to make up a harvest shortfall estimated at around 25m. tonnes.

The U.S. Government also expected to provide further evidence before Christmas to the independent committee set up by Mr. John Silkin, Minister of Agriculture, last summer to discover in detail who owns British farm land.

U.S. 'set aside' scheme

By Our Commodities Staff

THERE WAS little reaction on grain markets yesterday to the overnight announcement by the U.S. Administration that it was planning a 10 per cent "set aside" programme for 1978-79, under which farmers are paid 60¢ to plant for feedgrains next year.

Mr. John White, acting Agriculture Secretary, said the "set aside" plan was subject to review in the last week of January 1978 and would be revoked if market conditions changed substantially by that time.

Mr. White said the plan, if implemented, would reduce the U.S. feedgrain crop by an estimated 7m. tonnes, equal to 3 per cent of U.S. output or 1 per cent of world production.

He noted that world feedgrain output exceeded consumption by 8m. tonnes this year and that stocks at the end of the 1978-79 marketing year would be nearly 80m. tonnes.

Leading traders on the Chicago grain markets described the tentative "set aside" announcement as a compromise move to gain until more was known about Soviet grain buying intentions.

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COMMODITY MARKET REPORTS AND PRICES

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Metals

London Metal Exchange (LME) prices for 1977-78 season:

Aluminium	2,600	+1.0
Copper	2,100	+0.5
Gold	375	+0.2
Iron	100	+0.1
Nickel	1,800	+0.3
Platinum	1,200	+0.1
Silver	150	+0.2
Zinc	1,400	+0.1

Grains

Chicago Board of Trade (CBOT) prices:

Wheat	2.10	+0.02
Maize	1.80	+0.01
Soybeans	1.20	+0.01
Barley	1.50	+0.01

Oil

London Petroleum Refiners' Association (LPR) prices:

Crude oil	25.00	+0.10
Gasoline	18.00	+0.05
Diesel	16.00	+0.05

Other

London Metal Exchange (LME) prices for 1977-78 season:

Lead	1,800	+0.1
Steel	1,200	+0.1
Timber	1,000	+0.1

COFFEE

COFFEE

London Coffee Exchange (LCE) prices:

Arabica	2.10	+0.02
Robusta	1.80	+0.01
Specialty	2.50	+0.03

Other

London Metal Exchange (LME) prices for 1977-78 season:

Lead	1,800	+0.1
Steel	1,200	+0.1
Timber	1,000	+0.1

SOYBEAN MEAL

SOYBEAN MEAL

London Soybean Meal Exchange (LSME) prices:

40% CP	1.20	+0.01
48% CP	1.50	+0.01
54% CP	1.80	+0.01

PRICE CHANGES

PRICE CHANGES

Commodity prices for 1977-78 season:

Commodity	Nov. 16	Nov. 15	Month
Wheat	2.10	2.08	+0.02
Maize	1.80	1.78	+0.02
Soybeans	1.20	1.18	+0.02
Crude oil	25.00	24.90	+0.10
Gold	375	373	+2

U.S. Markets

U.S. Markets

Chicago Board of Trade (CBOT) prices:

Wheat	2.10	+0.02
Maize	1.80	+0.01
Soybeans	1.20	+0.01
Barley	1.50	+0.01

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Public notices regarding legal matters, including court orders and company announcements.

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COMPANY NOTICE

COMPANY NOTICE

Public notices regarding legal matters, including court orders and company announcements.

SILVER

SILVER

London Metal Exchange (LME) prices:

Standard	150	+0.02
High purity	155	+0.02

COFFEE

COFFEE

London Coffee Exchange (LCE) prices:

Arabica	2.10	+0.02
Robusta	1.80	+0.01

WOOL FUTURES

WOOL FUTURES

London Wool Exchange (LWE) prices:

Wool	1.20	+0.01
Wool	1.20	+0.01

FINANCIAL TIMES

FINANCIAL TIMES

Commodity prices for 1977-78 season:

Commodity	Nov. 16	Nov. 15	Month
Wheat	2.10	2.08	+0.02
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Gold lower: grains and copper firm

Gold lower: grains and copper firm

COMMODITY prices were mixed in London yesterday, with gold falling and grains and copper firm.

Gold prices fell sharply on a stop-loss order by the London Metal Exchange, dropping from 375 to 373.50.

Grains prices were firm, with wheat up 2 pence to 2.10 and maize up 1 penny to 1.80.

Copper prices were also firm, up 5 pence to 2,100.

Other commodity prices were mixed, with lead up 1 penny to 1,800 and steel up 1 penny to 1,200.

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STOCK EXCHANGE REPORT

Equities down again but above worst on bear closing Index 3.6 off at 484.3 after 478.8—Unilever disappoint

Account Dealing Dates
Oplon
First Declara- Last Account
Dealings ions Dealings Day
Oct. 31 Nov. 10 Nov. 11 Nov. 22
Nov. 14 Nov. 24 Nov. 25 Dec. 6
Nov. 28 Dec. 8 Dec. 9 Dec. 20
New time dealings may take place
from 9.30 a.m. two business days earlier.

Stock markets remained subdued and the vulnerability of leading equities in the absence of buying interest was exacerbated by Unilever's disappointing nine-month earnings and the company's reference to sluggish third-quarter sales in Europe. Sellers thus had the field to themselves and jobbers were again on the defensive in marking prices lower to avoid taking stock.

Bear closing in the afternoon look prices well above the day's lowest by the time the FT 30-share index, down 0.1 at 1 p.m. was finally at net 3.6 down for a three-day loss of 17.1, or nearly 3 1/2 per cent, at 484.3.

Continuing concern pending further developments on the trade restraining potential buyers, and the general lack of interest was clearly reflected in official markings of 4.27; these were the lowest for nearly five months—since June 23—and compared with 5.62 on Tuesday and 4.72 on Wednesday of last week.

British Funds held steady for the most part, also in extremely low trading, again over-shadowed by today's issue and tomorrow's start of dealings in the new long term Treasury 10 per cent, 1982, the latter maturities were barely changed and demand was again largely confined to short-dated low-coupon stocks. The Government Securities index hardened 0.07 to 77.86.

Falls in FT-quoted equities again outnumbered rises by about 3 to 1, but price movements in the index constituents were mostly limited to a penny by the close although losses ranged to 8 and occasionally more. Unilever made a good recovery from the day's low of 33p to end 16 down at 542p. Firm spots usually involved the more speculative issues and included Glaxo, Distillers which leapt 1 1/2 to 40p in front of a late announcement that Seagram is intending to make an offer.

The gloomy outlook for the Building Industry left the FT-Actuaries Contracting and Construction index 2 per cent down at 322.96, while recent depressing statements from the Food Retailing market led to a further loss in the sector index of 2 1/2 per cent, at 209.92; the All-Share Index shed only 0.7 per cent, at 219.56.

Arbur Guinness lost the same ground, falls of 5 being recorded in Electrocomponents, 335p, and Rael, 223p; exceptionally, Farrell met buyers and rose 5 to 224p. The Electrical leaders rallied to the bond at 20p, after 202p, and GEC that amount lower at 232p, after 230p. Comment on the third-quarter figures and trading statement saw Phillips' Lamp, at 840p, give back 3 of Tuesday's gain of 20.

Vickers succumbed to a bear raid and touched 192p before closing down on the day at 191p. Richard Costain 8 lower at 275p, Tubes picked up from 350p to 357p.

Crane Fruehauf featured with a jump of 8 to 92p on the revised bid of 90p cash per share from Fruehauf Corporation as compared with the 81p offer from Inchcape. Other Motors and Distributors share in the late market rally and closed little changed. Dunlop ended a penny better at 52p, after 50p, following news of a new 1977 price of 170p. In the other hand, Lucas Industries finished 2 cheaper at 264p, after 230p. Godfrey Davis, a firm market of late, gave up 1 1/2 at 83p in front of today's interim statement.

Performance of Furness Withy which rose in active trading to close 12 up at 322p for a two-day improvement of 18. Other issues had little to commend them. P & O Deferred ended only a penny off at 117p, after 110p, despite address Press comment on the company's oil interests, while British and Commonwealth finished 2 cheaper at 230p in front of today's interim report.

Publicity given to the interim figures failed to generate much interest in Comtrad, which eased to 108p before closing a penny better on the day at 110p.

In Tobacco, Japs finished 1 1/2 up at 197p, after 195p, on the provision of funds for the substantial increase in earnings.

Easier Golds
Falls among South African Golds were restricted despite a further drop in the bullion price, which closed 62.25 lower at \$199.125 an ounce. The Gold Mines Index was down 0.8 at 134.4. Initially the shares tended to advance but as the bullion price fell back there was a retreat to overnight levels, with U.S. selling quite well absorbed, some of it by short covering. Among heavyweights did not extend beyond 50. Randfontein was 1 lower at 221 and Western Holdings were 1 easier at 51 1/2.

Afkaner Lease was a feature among South African shares with a gain of 40 to 370p on Cape buying associated with speculation that financing details involving the provision of funds from potential customers will soon be announced for the uranium development.

South African Financials were affected not only by the lower gold price but also by the fall in the investment dollar premium. In a market lacking stimulus Anglo American Investment closed 1 down at 229p.

London Financials were a drab market, but there was some business in the new Consolidated Child Fields shares, shading the premium over the offer price to 11 from 13 on Tuesday. The old shares were 1 off at 166p.

Australians drifted in slack conditions, but price falls were mainly caused by premium considerations, although there was little firmness in domestic markets overnight. Peko-Wallbridge closed 10 off at 440p, Cambridge eased 2 to 135p, despite the forecast of increased profits.

The lower Eastern tin price deterred Eastern buyers of Tins, but the lower premium was behind the minus signs on the list of further issues. British issues like Gevrr, which were 7 1/2 lower at 515p, were hit by the metal price.

Canadian buying overnight lifted the price of Northern tin shares, by 5 in 3150 although a third-quarter loss has just been announced.



Home Banks continued to drift lower. Lloyds ended 7 off at 265p, Discount eased easier for choice with Allen Harvey and Rose and Union 10 lower at 510p and 415p respectively. Among Merchant Banks, Keyser Ullmann cheapened 2 to 48p despite the return to profitability in the first half, and Hill Samuel gave up 3 to 96p after 94p, following the interim statement.

Breweries had contrasting features in Marland, 35 up at 360p on the increased earnings, and Young A, which gave up 15 to 132p on further consideration of the interim statement. Bass Charrington, which report preliminary figures on December 1, closed 3 easier at 188p while

while George Wimpey recoded 3 to 73p. Elsewhere, AP Cement 5 to 283p and Tunnel 5 shed 6 to 250p. Tarmac declined 5 to 185p; the latter's interim results are due 10-day. Heywood Williams, on the other hand, rose 4 to 38p and Beinfell and Loxley added 2 to 22p.

ICI rallied late on bear covering to close unchanged at the overnight level of 365p, after 360p, still reflecting the poor interim figures. Farm Feed lost 3 more to 37p for a two-day decline of 11. After the previous day's rise of 5 on bid hopes, Federal improved further to 78p before closing 8 up at 74p following an announcement that discussions are taking place which could lead to an offer being made for the company.

Down to 37 1/2p in nervous anticipation of the third-quarter figures, P. W. Woodwards retained a level for a considerable time following the disappointing profits before rallying late to 59 1/2 for a loss of 1 1/2. Elsewhere in Stores, W. H. Smith shed 5 to 800p and UHS declined 3 to 85p, while Marks and Spencer were 2 off at 155p. Lee Cooper fell 7 to 118 but fresh demand for a further improvement of 9 to 123p on further consideration of the interim statement. Bass Charrington, which report preliminary figures on December 1, closed 3 easier at 188p while

finish only 4 easier at 384p but GKN, after the previous day's fall of 4 to 64p. A firm market initially, but satisfaction with the interim results left a close of 207p for a net gain of 2. A revival of speculative demand lifted Rush and Tomkins 5 to 94p, while A. and J. Mucklow were wanted at 10p. Plans to repay the 1981 Debenture, 1981/83 of Central and Diaper at par caused dealers to mark the stock higher on the basis of 295-3100 compared with the previous day's 283-284.

A light trade was experienced in Oils where prices recovered initial falls of a few pence to close generally higher on balances. Shell were down to 585p on some nervous offerings in front of today's nine-monthly figures, but rallied to close a net 2 up at 574p; Royal Dutch shed 1 to 544p, British Petroleum hardened 4 to 900p, while the partly-paid gained 7 to 375p.

Investment Trusts lost further ground on small selling and lack of support. British Investment closed 3 in 132p, following developments in the bid situation, while Knitshield Investment, 177p, and Trans Oceanic, 156p, lost 4 apiece. Fashion and General continued firmly in Financials, rising 4 to 152p for a two-day gain of 9. Interim Proceedings in Shipments were and Newall reacted 6 to 218p, again dominated by the par-

Unilever above worst
Disappointing third-quarter figures from Unilever led to a sharp fall from a market already in retreat in the absence of buyers; initial reaction on the news was to mark the price down to 33p, but a subsequent rally left a net loss of 1 1/2 at 542p. Other miscellaneours Industrial leaders often halved early falls to 10 with Beecham ending 5 off at 620p, apiece. Fashion and General continued firmly in Financials, rising 4 to 152p for a two-day gain of 9. Interim Proceedings in Shipments were and Newall reacted 6 to 218p, again dominated by the par-

Rush and Tomkins up
Properties performed well in the general advance conditions. Land Securities fell to 90 1/2p initially, but satisfaction with the interim results left a close of 207p for a net gain of 2. A revival of speculative demand lifted Rush and Tomkins 5 to 94p, while A. and J. Mucklow were wanted at 10p. Plans to repay the 1981 Debenture, 1981/83 of Central and Diaper at par caused dealers to mark the stock higher on the basis of 295-3100 compared with the previous day's 283-284.

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FINANCIAL TIMES STOCK INDICES

	Nov. 16	Nov. 15	Nov. 14	Nov. 11	Nov. 10	Nov. 9
Government Secs.	77.86	77.89	77.80	77.46	78.96	76.31
Fixed Interest	79.49	79.21	79.04	78.90	78.47	78.33
Industrial Ordinary	494.3	497.9	498.7	501.4	489.7	489.3
Gold Mines	124.4	125.0	140.2	147.5	146.0	130.9
Ord. Div. X'ed	6.84	6.81	6.84	6.86	6.58	6.55
Earnings X'ed (1000)	16.66	16.54	16.56	16.18	16.45	16.70
P/B Ratio (incl. P.A.)	8.82	8.59	8.79	8.78	8.83	8.51
Dividends (incl. P.A.)	4.272	4.262	4.241	4.242	4.111	4.172
Debt/Equity Ratio	68.43	68.56	68.56	68.56	68.56	68.56
Equity Turnover Ratio	13.678	14.870	15.697	15.478	15.866	15.866

HIGHS AND LOWS

Stock	1977		Since Completion		Nov. 16
	High	Low	High	Low	
Bank Secs.	79.85	63.45	127.4	49.19	155.0
Fixed Int.	80.00	60.89	101.88	61.50	161.0
Ind. Ord.	949.2	687.6	1281.0	417.0	102.3
Gold Mines	174.0	121.1	225.0	79.19	117.7

OPTIONS TRADED

Dealings	Last Declared	Last Settlement	For Settlement	International Finance	ICI	Burns
Nov. 16	Nov. 15	Nov. 14	Nov. 11	Nov. 10	Nov. 9	Nov. 8
Nov. 28	Nov. 24	Nov. 25	Nov. 6	Nov. 28	Nov. 28	Nov. 28

NEW HIGHS AND LOWS FOR 1977

Stock	High	Low
Bank Secs.	79.85	63.45
Fixed Int.	80.00	60.89
Ind. Ord.	949.2	687.6
Gold Mines	174.0	121.1

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RECENT ISSUES

EQUITIES

Stock	1977	1976	1975	1974
ICI	365	360	350	340
Unilever	542	547	550	560
Beecham	620	625	630	640
Royal Insurance	350	355	360	370
GEAs Deft	250	255	260	270

FIXED INTEREST STOCKS

Stock	1977	1976	1975	1974
ICI	365	360	350	340
Unilever	542	547	550	560
Beecham	620	625	630	640
Royal Insurance	350	355	360	370
GEAs Deft	250	255	260	270

"RIGHTS" OFFERS

Stock	1977	1976	1975	1974
ICI	365	360	350	340
Unilever	542	547	550	560
Beecham	620	625	630	640
Royal Insurance	350	355	360	370
GEAs Deft	250	255	260	270

ACTIVE STOCKS

Stock	Denomina- tion	Closing price (p)	Chance on day	1977 high	1977 low
ICI	£1	365	+1	445	325
Unilever	25p	11	542	590	410
Beecham	25p	10	620	650	372
Royal Insurance	25p	10	358	400	250
GEAs Deft	25p	9	217	260	202

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS	Wed. Nov. 16, 1977			Times Nov. 16	Nov. 14	Nov. 11
	Index No.	Day's Change %	Yield (ACT) %			
1 CAPITAL GOODS (174)	203.72	-0.9	17.10	5.60	285.60	208.73
2 Building Materials (26)	191.11	-1.4	15.97	5.04	193.89	196.43
3 Contracting, Construction (26)	332.96	-2.0	8.29	6.46	337.67	351.45
4 Electricals (16)	432.42	-0.5	14.89	3.88	433.56	442.37
5 Engineering (General) (68)	275.66	-1.4	21.98	6.19	279.62	289.60
6 Machine and Other Tools (8)	129.40	-0.8	12.86	6.94	140.72	143.46
7 Miscellaneous (12)	157.85	-0.3	18.07	7.58	158.41	159.29
8 CONSUMER GOODS	105.99	-0.7	16.33	4.46	9.01	197.36
9 DUREL (16)	128.48	-1.0	14.31	3.22	10.23	201.86
10 Household Radio TV (18)	133.65	-0.5	16.10	6.31	133.65	134.67
11 Electronics (12)	128.48	-0.5	16.10	6.31	133.65	134.67
12 Motors and Distributors (26)	116.50	-0.4	19.57	6.05	117.02	120.33
13 NON-DUREL (171)	199.68	-1.0	14.89	5.47	201.65	204.61
14 Breweries (14)	228.96	-1.1	12.76	5.49	231.22	232.96
15 Wines and Spirits (6)	232.22	-0.7	15.38	5.45	230.67	231.70
16 Entertainment, Catering (16)	172.26	-1.8	20.06	5.33	200.00	203.63
17 Food Manufacturing (21)	209.97	-2.5	12.61	4.23	211.61	215.42
18 Food Retailing (16)	337.02	-0.3	9.25	3.62	337.88	337.90
19 Newspapers, Publishing (14)	128.09	-0.9	20.36	7.07	129.26	131.09
20 Stores (7)	139.45	-1.0	9.88	4.06	140.00	140.55
21 Textiles (16)	164.92	-1.0	16.88	7.93	164.86	166.20
22 Tobacco (3)	216.31	-0.7	21.58	8.24	217.00	218.62
23 Toys and Games (6)	188.06	-0.8	18.83	5.49	190.25	191.88
24 OTHER GROUPS (98)	258.43	-0.4	15.40	5.43	259.57	263.91
25 Chemicals (28)	123.22	-0.6	11.82	4.66	123.90	126.97
26 Shipping (10)	454.44	+0.4	21.62	6.44	452.59	456.11
27 Miscellaneous (6)	137.02	-0.1	13.64	5.72	137.02	137.02
28 INDUSTRIAL GROUP (89)	204.90	-0.8	18.82	5.94	206.00	207.78
29 Oils (4)	208.20	+0.4	13.62	5.94	207.78	210.28
30 90 SHARE INDEX	229.87	-0.6	15.47	5.26	231.32	234.94
31 FINANCIAL GROUP (108)	229.87	-0.6	15.47	5.26	231.32	234.94
32 Banks (6)	185.49	-1.5	26.54	5.46	188.94	195.91
33 Discount Houses (10)	200.27	-2.2	8.08	8.08	200.94	213.12
34 Life Insurance (16)	169.54	-1.0	10.07	4.45	171.22	177.91
35 Insurance (Life) (10)	137.02	-0.1	13.64	5.72	137.02	137.02
36 Insurance (General) (7)	129.59	-1.2	6.19	6.19	130.57	131.59
37 Insurance Brokers (10)	304.95	+0.8	13.49	4.33	312.52	319.54
38 Merchant Banks (14)	94.26	-2.1	5.43	5.43	94.26	94.26
39 Property (31)	223.11	+0.2	2.81	27.11	223.07	227.77
40 Miscellaneous (7)	169.94	-0.1	21.20	7.22	169.94	169.94
41 Investment Trusts (60)	174.57	-0.7	3.83	4.48	174.57	174.57
42 Mining (16)	87.37	-0.1	18.04	8.29	87.37	87.37
43 Overseas Trades (9)	274.35	-1.0	16.14	6.83	274.35	274.35
44 ALL-SHARE INDEX (678)	230.86	-0.7	5.28	5.28	232.28	235.82

FIXED INTEREST PRICE INDICES	Wed. Nov. 16, 1977			1	2	3	4	5	6	7	8
	Index No.	Day's change %	Yield %								
1 British Government	110.70	+0.10	10.23	1	2	3	4	5	6	7	8
2 1-5 years	126.71	+0.12	7.51	1	2	3	4	5	6	7	8
3 Over 15 years	133.04	+0.02	11.73	1	2	3					

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**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

High	Low	Stock	Price	Div	Yield
100	99	Treasury 2 1/2%	100	4.00	4.00
101	100	Treasury 3%	101	4.80	4.80
102	101	Treasury 3 1/2%	102	5.60	5.60
103	102	Treasury 4%	103	6.40	6.40
104	103	Treasury 4 1/2%	104	7.20	7.20
105	104	Treasury 5%	105	8.00	8.00
106	105	Treasury 5 1/2%	106	8.80	8.80
107	106	Treasury 6%	107	9.60	9.60
108	107	Treasury 6 1/2%	108	10.40	10.40
109	108	Treasury 7%	109	11.20	11.20
110	109	Treasury 7 1/2%	110	12.00	12.00
111	110	Treasury 8%	111	12.80	12.80
112	111	Treasury 8 1/2%	112	13.60	13.60
113	112	Treasury 9%	113	14.40	14.40
114	113	Treasury 9 1/2%	114	15.20	15.20
115	114	Treasury 10%	115	16.00	16.00
116	115	Treasury 10 1/2%	116	16.80	16.80
117	116	Treasury 11%	117	17.60	17.60
118	117	Treasury 11 1/2%	118	18.40	18.40
119	118	Treasury 12%	119	19.20	19.20
120	119	Treasury 12 1/2%	120	20.00	20.00

Five to Fifteen Years

High	Low	Stock	Price	Div	Yield
115	114	Treasury 10 1/2%	115	16.80	16.80
116	115	Treasury 11%	116	17.60	17.60
117	116	Treasury 11 1/2%	117	18.40	18.40
118	117	Treasury 12%	118	19.20	19.20
119	118	Treasury 12 1/2%	119	20.00	20.00
120	119	Treasury 13%	120	20.80	20.80
121	120	Treasury 13 1/2%	121	21.60	21.60
122	121	Treasury 14%	122	22.40	22.40
123	122	Treasury 14 1/2%	123	23.20	23.20
124	123	Treasury 15%	124	24.00	24.00
125	124	Treasury 15 1/2%	125	24.80	24.80
126	125	Treasury 16%	126	25.60	25.60
127	126	Treasury 16 1/2%	127	26.40	26.40
128	127	Treasury 17%	128	27.20	27.20
129	128	Treasury 17 1/2%	129	28.00	28.00
130	129	Treasury 18%	130	28.80	28.80
131	130	Treasury 18 1/2%	131	29.60	29.60
132	131	Treasury 19%	132	30.40	30.40
133	132	Treasury 19 1/2%	133	31.20	31.20
134	133	Treasury 20%	134	32.00	32.00
135	134	Treasury 20 1/2%	135	32.80	32.80
136	135	Treasury 21%	136	33.60	33.60
137	136	Treasury 21 1/2%	137	34.40	34.40
138	137	Treasury 22%	138	35.20	35.20
139	138	Treasury 22 1/2%	139	36.00	36.00
140	139	Treasury 23%	140	36.80	36.80

Over Fifteen Years

High	Low	Stock	Price	Div	Yield
114	113	Treasury 10%	114	16.00	16.00
115	114	Treasury 10 1/2%	115	16.80	16.80
116	115	Treasury 11%	116	17.60	17.60
117	116	Treasury 11 1/2%	117	18.40	18.40
118	117	Treasury 12%	118	19.20	19.20
119	118	Treasury 12 1/2%	119	20.00	20.00
120	119	Treasury 13%	120	20.80	20.80
121	120	Treasury 13 1/2%	121	21.60	21.60
122	121	Treasury 14%	122	22.40	22.40
123	122	Treasury 14 1/2%	123	23.20	23.20
124	123	Treasury 15%	124	24.00	24.00
125	124	Treasury 15 1/2%	125	24.80	24.80
126	125	Treasury 16%	126	25.60	25.60
127	126	Treasury 16 1/2%	127	26.40	26.40
128	127	Treasury 17%	128	27.20	27.20
129	128	Treasury 17 1/2%	129	28.00	28.00
130	129	Treasury 18%	130	28.80	28.80
131	130	Treasury 18 1/2%	131	29.60	29.60
132	131	Treasury 19%	132	30.40	30.40
133	132	Treasury 19 1/2%	133	31.20	31.20
134	133	Treasury 20%	134	32.00	32.00
135	134	Treasury 20 1/2%	135	32.80	32.80
136	135	Treasury 21%	136	33.60	33.60
137	136	Treasury 21 1/2%	137	34.40	34.40
138	137	Treasury 22%	138	35.20	35.20
139	138	Treasury 22 1/2%	139	36.00	36.00
140	139	Treasury 23%	140	36.80	36.80

INTERNATIONAL BANK

High	Low	Stock	Price	Div	Yield
100	99	Bank of America	100	4.00	4.00
101	100	Bank of England	101	4.80	4.80
102	101	Bank of India	102	5.60	5.60
103	102	Bank of Japan	103	6.40	6.40
104	103	Bank of Korea	104	7.20	7.20
105	104	Bank of Mexico	105	8.00	8.00
106	105	Bank of New York	106	8.80	8.80
107	106	Bank of Paris	107	9.60	9.60
108	107	Bank of Rome	108	10.40	10.40
109	108	Bank of Spain	109	11.20	11.20
110	109	Bank of Tokyo	110	12.00	12.00

COMMONWEALTH & AFRICAN FUNDS

High	Low	Stock	Price	Div	Yield
100	99	Commonwealth	100	4.00	4.00
101	100	African	101	4.80	4.80
102	101	Commonwealth	102	5.60	5.60
103	102	African	103	6.40	6.40
104	103	Commonwealth	104	7.20	7.20
105	104	African	105	8.00	8.00
106	105	Commonwealth	106	8.80	8.80
107	106	African	107	9.60	9.60
108	107	Commonwealth	108	10.40	10.40
109	108	African	109	11.20	11.20
110	109	Commonwealth	110	12.00	12.00

AMERICANS—Continued

High	Low	Stock	Price	Div	Yield
100	99	Alcoa	100	4.00	4.00
101	100	Amgen	101	4.80	4.80
102	101	Boeing	102	5.60	5.60
103	102	Chrysler	103	6.40	6.40
104	103	DuPont	104	7.20	7.20
105	104	Eastman	105	8.00	8.00
106	105	GenCorp	106	8.80	8.80
107	106	Johnson	107	9.60	9.60
108	107	Kimberly	108	10.40	10.40
109	108	Lockheed	109	11.20	11.20
110	109	McDermott	110	12.00	12.00

AMERICANS—Continued

High	Low	Stock	Price	Div	Yield
111	110	Rockwell	111	12.80	12.80
112	111	Trane	112	13.60	13.60
113	112	Union	113	14.40	14.40
114	113	Westinghouse	114	15.20	15.20
115	114	Yale	115	16.00	16.00

CANADIANS

High	Low	Stock	Price	Div	Yield
100	99	Alcan	100	4.00	4.00
101	100	Bell	101	4.80	4.80
102	101	Imperial	102	5.60	5.60
103	102	Inco	103	6.40	6.40
104	103	Noranda	104	7.20	7.20
105	104	Papier	105	8.00	8.00
106	105	Placer	106	8.80	8.80
107	106	Shaw	107	9.60	9.60
108	107	Telex	108	10.40	10.40
109	108	Westbank	109	11.20	11.20
110	109	Windsor	110	12.00	12.00

BANKS AND HIRE PURCHASE

High	Low	Stock	Price	Div	Yield
100	99	Bank of Montreal	100	4.00	4.00
101	100	Bank of Toronto	101	4.80	4.80
102	101	Bank of Victoria	102	5.60	5.60
103	102	Bank of Nova Scotia	103	6.40	6.40
104	103	Bank of New Brunswick	104	7.20	7.20
105	104	Bank of New South Wales	105	8.00	8.00
106	105	Bank of Queensland	106	8.80	8.80
107	106	Bank of Western Australia	107	9.60	9.60
108	107	Bank of South Africa	108	10.40	10.40
109	108	Bank of India	109	11.20	11.20
110	109	Bank of Japan	110	12.00	12.00

BEERS, WINES AND SPIRITS

High	Low	Stock	Price	Div	Yield
100	99	Beck's	100	4.00	4.00
101	100	Carlsberg	101	4.80	4.80
102	101	Heineken	102	5.60	5.60
103	102	Kaiser	103	6.40	6.40
104	103	Pilsener	104	7.20	7.20
105	104	Stout	105	8.00	8.00
106	105	Wine	106	8.80	8.80
107	106	Spirits	107	9.60	9.60
108	107	Whisky	108	10.40	10.40
109	108	Vodka	109	11.20	11.20
110	109	Rum	110	12.00	12.00

AMERICANS

High	Low	Stock	Price	Div	Yield
100	99	Alcoa	100	4.00	4.00
101	100	Amgen	101	4.80	4.80
102	101	Boeing	102	5.60	5.60
103	102	Chrysler	103	6.40	6.40
104	103	DuPont	104	7.20	7.20
105	104	Eastman	105	8.00	8.00
106	105	GenCorp	106	8.80	8.80
107	106	Johnson	107	9.60	9.60
108	107	Kimberly	108	10.40	10.40
109	108	Lockheed	109	11.20	11.20
110	109	McDermott	110	12.00	12.00

BUILDING INDUSTRY—Cont.

High	Low	Stock	Price	Div	Yield
100	99	Alcoa	100	4.00	4.00
101	100	Amgen	101	4.80	4.80
102	101	Boeing	102	5.60	5.60
103	102	Chrysler	103	6.40	6.40
104	103	DuPont	104	7.20	7.20
105	104	Eastman	105	8.00	8.00
106	105	GenCorp	106	8.80	8.80
107	106	Johnson	107	9.60	9.60
108	107	Kimberly	108	10.40	10.40
109	108	Lockheed	109	11.20	11.20
110	109	McDermott	110	12.00	12.00

BUILDING INDUSTRY, TIMBER AND ROADS

High	Low	Stock	Price	Div	Yield
100	99	Alcoa	100	4.00	4.00
101	100	Amgen	101	4.80	4.80
102	101	Boeing	102	5.60	5.60
103	102	Chrysler	103	6.40	6.40
104	103	DuPont	104	7.20	7.20
105	104	Eastman	105	8.00	8.00
106	105	GenCorp	106	8.80	8.80
107	106	Johnson	107	9.60	9.60
108	107	Kimberly	108	10.40	10.40
109	108	Lockheed	109	11.20	11.20
110	109	McDermott	110	12.00	12.00

CHEMICALS, PLASTICS



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TOYOTA
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Leyland units formed into limited companies

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

MR. MICHAEL EDWARDS, the new chairman of British Leyland, set his stamp on the company yesterday in a reorganisation which swept away a large part of the central structure he inherited two weeks ago.

Three non-executive directors and all four managing directors from the operating groups have been removed from the main Board.

Mr. Edwards has embarked on a policy of reducing the staff at the central Leyland offices in Marylebone—he is operating from Nuffield House in Piccadilly. He has altered the status of the four operating groups—Cars, Truck and Bus, Special Products, and International—by making them limited companies.

Each of these limited companies will be brought under more direct control of Leyland's central organisation by the appointment of new chairmen from a pool of top-level executives in London.

Two of these London-based executives have still to be found. Mr. Alex Park, the former chief executive, has filled one of the slots as executive vice-chairman for finance and corporate planning. In the meantime Mr. Edwards has become chairman of three of the operating companies, including Cars, where further re-organisation is expected.

Although these changes have involved big changes in the roles

which the senior executives will be expected to play they have been executed so far without any notable dissension or departures.

Virtually all the former main Board members whom Mr. Edwards wanted to stay have done so, even though many individuals have, in theory, lost status as a result of the reorganisation.

These offices will be capable of absorbing about 50 of the present 500 staff employed in London on legal, financial, personnel and public relations work. The rest will be redeployed to the operating companies, with a small group remaining in London, probably in new offices.

The clear intention behind all these changes is to strengthen management at all levels. Mr. Edwards is known in fact that British Leyland is under-managed. He hopes that by using more senior executives at the centre he can create a pool of top-level talent with enough time to analyse long-term strategy and control the operating groups effectively.

The reorganisation was accepted last night by Mr. Michael Marshall, head of the Leyland dealers organisation. "We very much welcome the new structure, and particularly that Mr. Edwards is going to be the chairman of Leyland Cars Bnrd."

Editorial comment Page 20
Details of appointments Page 11

Money targets expected to be more flexible

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A MORE flexible system of rolling monetary targets rather than the present fixed annual range is increasingly likely to be introduced in the next financial year.

There is no intention of changing the annual money supply target, in the current financial year to next April, however.

The Government does not want to make the switch now, partly because it is anxious to avoid any impression of relaxing monetary policy when the growth of the money supply is above the upper end of the 1977-78 target range.

The money supply figures, due to be published today, are expected to show that for the first time in the current financial year the annual growth rate of sterling M3, the broadly defined money supply, since mid-April is above the 9-13 per cent. preferred range, and it will probably remain above that for another couple of months.

The target for sterling M3 should still be well down in single figures when measured over 12 months.

There has been considerable discussion in both the Treasury and the Bank of England about the development of money supply targets, which were only introduced last year on the basis of a fixed target range from April to April.

The drawback of a fixed range is that the Government's flexibility and scope for adjustment become much more limited towards the end of the period.

Official opinion seems to be moving towards acceptance of some form of rolling target, where the base changes during the year as in the U.S. It has not been decided what form this might take and how it would be expressed.

It is possible that a decision in principle will be taken in a few weeks and that an announcement will be made about the end of the year, though the specific figures for 1978-79 will not be agreed until the spring.

The Government is, however, likely to reject any proposals for multiple money supply targets on the U.S. pattern covering the narrow (M1) as well as the broad definition (M3). Focussing simultaneously on a series of different targets is seen as impracticable on the view that market interest would inevitably be concentrated on whichever of the figures turned out to be the most restrictive.

Officials prefer to concentrate on sterling M3 in conjunction with the related figure for domestic credit expansion which is monitored by the International Monetary Fund.

An eventual move towards rolling targets was hinted at when the present system was introduced last year. Mr. Gordon Richardson, Governor of the Bank of England, suggested in October 1976: "It would be useful to consider the practice of the U.S., under which targets are redefined periodically, more especially if this can be done at times when we are able to review the whole mix of policy."

THE LEX COLUMN

Growth slows at Unilever

Index fell 3.6 to 484.3

Worse than expected third quarter results from Unilever, with pre-tax profits down 16 per cent at £153m, knocked 30p off the shares in early trading, although the price had recovered 12p of this by the close. These figures take the group's pre-tax profits from £302m at the half-way stage to £455m, a drop of about £22m on the corresponding period.

Almost all of the 12 per cent increase in sales is due to price increases, while volume growth in the three months was only about 1 per cent.

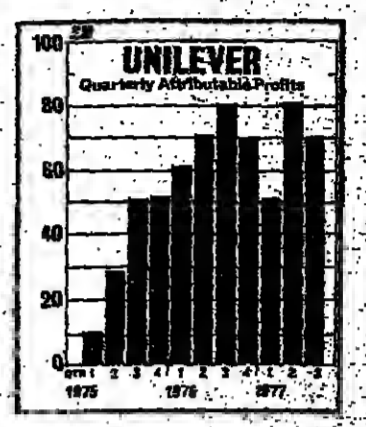
Most of the 12 per cent shortfall in operating profits for the nine months arises from sluggish conditions throughout Europe. Unilever's main market, indeed sales volume in Europe actually fell slightly in the third quarter. Operating profits for the three months, down 24 per cent, at £145m—or 15 per cent, if the Nigerian associate is treated on a comparable basis to the 1976 figures—have been affected by especially good market conditions for ice cream and animal feeds in the third quarter of 1976, and probably more so by stock losses on edible oil products (cancelling out the stock profits of the second quarter) where prices between the second and third quarters of 1977 decreased on average by 30 per cent.

Elsewhere, however, results were not so bad. Sales and profits in the developing countries are well up on 1976, and the U.S., where the Liptons tea business did particularly well, also showed some improvement.

But full-year profits are unlikely to come up to the £802m reported for 1976. Complicating factors include the impact of currency fluctuations and possible provisions for the restructuring of Unilever's Dutch meat business. At 542p, the shares, historic yield is just over 3 per cent.

Whisky

In 1975 Whitebread snatched up Long John International at around 16 times earnings, and in October 1976 Allied Breweries took over Teachers, paying what now seems a low price of under 11 times earnings, in what were then very depressed stock market conditions. Now the price for medium-sized whisky companies, a fast vanishing breed, is going



Villiers refuses to reveal plans for British Steel

BY ROY HODSON

THERE IS no prospect of British Steel in the present form moving back into profit for several years ahead, a Commons select committee was told yesterday.

Despite strong pressure from MPs, Sir Charles Villiers, British Steel chairman, refused "short of being sent to the Tower" to reveal details of plans for reshaping the corporation to restore it to profitability.

British Steel's losses, now running at £10m a week, could get worse, Sir Charles warned yesterday that there could be a "further crumbling of the steel market in Europe and to Britain."

The European steelmakers and their U.S. and Japanese counterparts were all making efforts to improve the situation, or at least arrest the decline, but there was a danger that international steel producers could become demoralised.

"If that happened," he said, "British Steel's losses could rise further. The forecast is extremely hazardous."

Mr. Boh Schmitz, chief executive of the ESC, said that the corporation's steelmaking capacity would be 25m tons by the end of this financial year. To break even, it would have to make and sell within 7m tons of that total capacity.

In the last six months, the corporation had made 9m tons of liquid steel and would probably produce 17.4m tons in the full financial year.

That production will be well below the 19.4m tons of last year, and only marginally above the slump year of 1975-76, when production fell to 17.2m tons.

Tripartite discussions are now going on almost continuously between British Steel, the Government and the unions on a big rescue scheme to make British Steel a profit-making industry again.

The corporation's losses this year are expected to exceed £500m. Losses of £200m for the first half year will be announced shortly.

Mr. Eric Varley, Industry Secretary, wants to be able to make a statement on the future of the industry before Christmas.

At the all-party Select Committee, Sir Charles stuck to his position that the negotiations would be damaged if he, as one party to them, disclosed the details of possible options, such as a reconstruction of the corporation's finances, cutting back the number of jobs, closing old works and revising the corporation's capital investment programme, which is now running at £500m a year.

He refused an invitation by the chairman, Mr. Edwin Walworth,

in speak frankly in a private session.

The committee already has a full report on the BSC ready for publication, the result of nearly two years of investigation. It is wide-ranging and supported by impressive research, but does not take in the decline in British Steel's fortunes during the last three months as the international position has worsened.

The likelihood now is that the committee will publish its original report, together with a second report on the crisis early next year, by which time British Steel may be actively engaged in schemes to cut its losses through redundancies and plant closure.

The committee may still influence the course of the re-planning of BSC. Next week it is to question leaders of the steel unions and Treasury officials at two separate sessions.

Finally, Mr. Varley is expected to give evidence before the inquiry closes.

Christian Tyler writes: The BSC's plans will be discussed to-day or to-morrow by leaders of the biggest union, the Iron and Steel Trades Confederation. On Monday, the union's national executive committee spent two hours with Mr. Boh Schmitz, the corporation's chief executive.

Sadat wants Syria to back Israel visit

BY ROGER MATTHEWS

DAMASCUS, Nov. 16.

President Anwar Sadat of Egypt today sought to win the tacit approval of Syria for his proposed visit to Israel.

Syria for his proposal to force the pace on Middle East peace moves by visiting Israel.

After several hours of talks, a spokesman for President Assad said that the two men had agreed to co-ordinate their efforts for a just and lasting peace in the Middle East. But the interim communiqué made no mention of the planned visit to Israel.

The Syrian Press has not yet informed the public here of President Sadat's intentions, an indication of the bewilderment that the Egyptian initiative has caused.

It is believed that the Syrians initially considered President Sadat's offer to address the Knesset (the Israeli Parliament) as a "piece of rhetoric" and have only in the past 48 hours begun to realise his seriousness.

President Sadat is essentially looking for a pledge from the

Syrians that they will not actively oppose his plan despite their fears that they are being sacrificed together with the Palestine Liberation Organisation to Egypt's urgent desire for peace.

The communiqué emphasised that the Syria and Egyptian search for peace was based on the principles of "complete Israeli withdrawal to the 1967 borders and no recognition of the national legitimate rights of the Palestinian people."

Both Presidents had agreed to work towards a further consolidation of Arab unity, the spokesman added.

The two Presidents will resume their talks in the morning with the possibility of other Arab leaders being contacted during the week-end. Mr. Sadat may fly on to Saudi Arabia later, as he talks with King Khalid.

Arab reaction Page 6
Carter harassed Page 7
Men and Matters Page 20

Carter plans to meet Iran's 'legitimate defence needs'

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Nov. 16.

THE Carter Administration is working on a framework which would enable it to meet Iran's legitimate defence needs but is not prepared, at this stage, to accede to Iranian requests for major additional arms purchases.

This emerged on the second day of talks here between the Shah and President Carter, which concentrated on bilateral issues between the two countries.

Greater police strength in the streets around the White House

House statement after today's talks merely said that the President had reaffirmed American support for a strong Iran and that he would wish to work closely with Congress in meeting Iran's defence needs.

Later, Mr. Jody Powell, Press Secretary, elaborated when he spoke of the need to develop a "more dependable and predictable" plan to be worked out with Congress to meet those needs.

He noted that the Pentagon and the State Department were preparing two studies which had been requested by the Senate Foreign Relations Committee, a persistent critic of unlimited arms sales to Iran.

The first of these studies related to the military balance in the Gulf area, the second to the ability of countries in that area to absorb new military hardware. He emphasised that no hard and fast decisions on military sales would be taken until completion of these studies.

Mr. Carter seems to have secured a promise from the Shah that Iran will not take the lead in seeking higher oil prices when OPEC nations meet next month in Caracas.

Mr. Powell also said that important progress was made in the talks over Iranian purchases of American nuclear reactors, which last week contracted to buy four nuclear power stations from Siemens, the German company, would take order between six and eight U.S.-built reactors.

However, this has run up against President Carter's determination to control the spread of nuclear technology which could be put to military purposes.

Crane Fruehauf gets fourth U.S. bid

BY KEITH LEWIS

THE FUTURE of Crane Fruehauf, the Norfolk trailer manufacturer, remained uncertain last night following the fourth takeover bid by the Fruehauf Corporation of the U.S. The bid is worth £13.5m, or 90p a share.

The move counters the Stipa share agreed bid from Incheape, the international trading group, made last month.

Fruehauf Corporation opened the bidding over a year ago with an offer of 27p a share for two-thirds of Crane it did not already own.

This was immediately rejected by the Crane Board, who made a profit forecast of £1.4m against only £11,000 the year before, in November. Shortly afterwards the bid was referred to the Monopolies Commission.

The report, which was to have taken five months to compile, accompanied by an attack on the Crane Fruehauf profits forecast. Advisers, Hill Samuel argue that the estimate of profits is not backed by a forecast of earnings.

The latest Fruehauf bid is accompanied by an offer to acquire more shares, which would give Fruehauf a 58 per cent holding. The offer is backed by a forecast of earnings, which would take Crane out on a price-earnings ratio of 9.7 on a tax charge of 52 per cent, and on a p/e of 12.7 with a charge of 64 per cent.

It is now up to Incheape to make the next move if it is to capture the 43 per cent of the remaining 56 per cent of the floating votes it needs to take control.

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Oil resources must be used in U.K.—Healey

BY MICHAEL BLANDEN

A LARGE proportion of the resources from North Sea oil must be put to productive use within the U.K., rather than invested in overseas investment may have a role to play later on. This is one of the options for using the oil surpluses which was discussed in the forthcoming paper on the North Sea.

The Chancellor underlined last night the need to create new jobs in the U.K. simply to prevent unemployment from rising as a result of the natural growth of the labour force.

Overseas investment cannot be seen as an alternative to investment at home, not least because it would not provide a sufficiently direct or certain mechanism for the increased use of labour and other resources in our domestic economy, which is necessary to achieve sustained growth and reduce unemployment.

"This would be in order to build up a strong net asset position over the medium term."

ensure a steady stream of income in subsequent years in the form of interest, profit and dividends.

"Some increase in overseas investment may have a role to play later on. This is one of the options for using the oil surpluses which was discussed in the forthcoming paper on the North Sea."

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Pay settlements

Continued from Page 1

The main constituent of the 15 per cent, outside the guidelines is the Ford workers who settled at around 12 per cent, on a fringe benefits.

The Department of Employment yesterday also published a new and wider earnings index covering 10m workers instead of 6m on the existing index.

The additional workers are mainly in finance, professional and scientific services and the public sector.

The new index has not yet been running long enough to be seasonally adjusted and so is not regarded as a good guide to short-term pay trends. Over the year to September the index increased by 7.5 per cent, to 118.5 (January 1976 = 100), compared with an 8.8 per cent rise for the existing index.

The index of basic weekly wage rates was virtually unchanged in October at 238.4 (July 1972 = 100), for a rise of 4.7 per cent, to the past year.

Weather

U.K. TO-DAY

COLD, Windy showers. Gales in N. Scotland, S.E. Cent S, Cent. N. England, West Midlands, Channel Isles

Sunny periods, scattered showers developing. Windy over high ground. Cold. Max. 57C (43-45F).

E. Anglia, E. N.E. N.W. S.W. England, Borders, Wales, Lakes, I. of Man

Sunny intervals, some scattered showers. Windy in places. Cold. Max. 57C (41-45F).

Edinburgh, Dundee, Aberdeen, S.W. Scotland, Glasgow, Highlands, Argyll, N. Ireland

Bright intervals, sleet or snow showers, prolonged at times. Very cold. Max. 3-5C (37-41F).

Moray Firth, N.E., N.W. Scotland, Orkney, Shetland

Bright intervals, sleet or snow showers. Very cold. Max. 2-4C (36-40F).

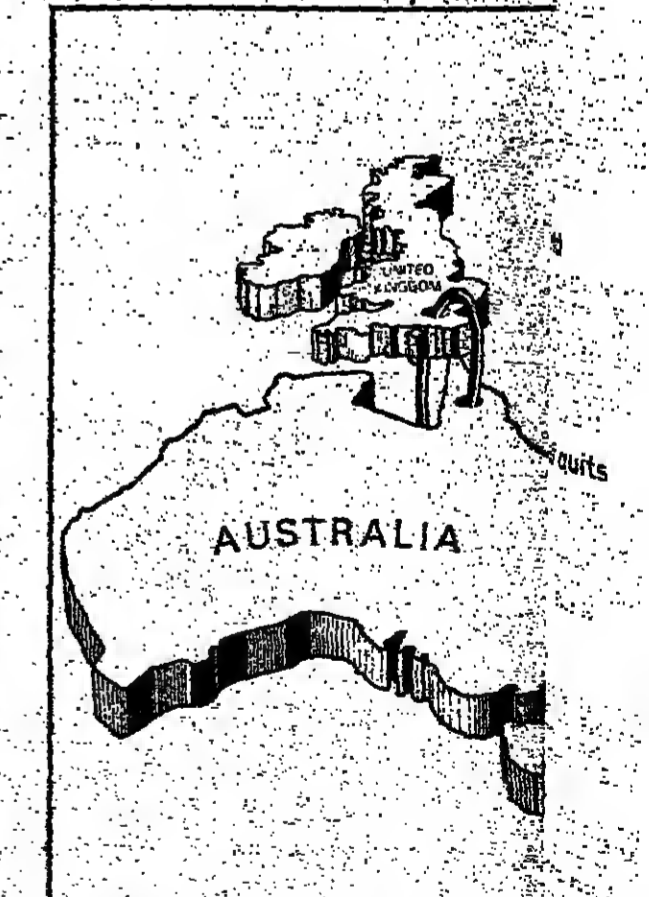
Outlook: Cold and changeable.

BUSINESS CENTRES

City	7 Day	1 Day	City	7 Day	1 Day
Amsterdam	10.40	10.40	Manchester	10.40	10.40
Athens	10.40	10.40	Melbourne	10.40	10.40
Bahia	10.40	10.40	Perth	10.40	10.40
Barcelona	10.40	10.40	Rome	10.40	10.40
Bombay	10.40	10.40	Singapore	10.40	10.40
Boston	10.40	10.40	Stockholm	10.40	10.40
Breast	10.40	10.40	Taipei	10.40	10.40
Buenos Aires	10.40	10.40	Tokyo	10.40	10.40
Calcutta	10.40	10.40	Wellington	10.40	10.40
Canton	10.40	10.40	Yokohama	10.40	10.40
Cebu	10.40	10.40			
Colon	10.40	10.40			
Hankow	10.40	10.40			
Hong Kong	10.40	10.40			
Kobe	10.40	10.40			
London	10.40	10.40			
Lyons	10.40	10.40			
Manila	10.40	10.40			
Medan	10.40	10.40			
Osaka	10.40	10.40			
Shanghai	10.40	10.40			
Singapore	10.40	10.40			
Tokyo	10.40	10.40			
Yokohama	10.40	10.40			

HOLIDAY RESORTS

City	7 Day	1 Day	City	7 Day	1 Day
Akron	10.40	10.40	Jersey	10.40	10.40
Albany	10.40	10.40	Las Vegas	10.40	10.40
Albuquerque	10.40	10.40	London	10.40	10.40
Albany	10.40	10.40	Los Angeles	10.40	10.40
Albuquerque	10.40	10.40	Madrid	10.40	10.40
Albany	10.40	10.40	Miami	10.40	10.40
Albuquerque	10.40	10.40	Manila	10.40	10.40
Albany	10.40	10.40	Medan	10.40	10.40
Albuquerque	10.40	10.40	Melbourne	10.40	10.40
Albany	10.40	10.40	Perth	10.40	10.40
Albuquerque	10.40	10.40	Rome	10.40	10.40
Albany	10.40	10.40	Singapore	10.40	10.40
Albuquerque	10.40	10.40	Stockholm	10.40	10.40
Albany	10.40	10.40	Taipei	10.40	10.40
Albuquerque	10.40	10.40	Tokyo	10.40	10.40
Albany	10.40	10.40	Wellington	10.40	10.40
Albuquerque	10.40	10.40	Yokohama	10.40	10.40



The vital link

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